

## Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended and P.A. 71 of 1919, as amended.

Local Unit of Government Type <input type="checkbox"/> County <input type="checkbox"/> City <input checked="" type="checkbox"/> Twp <input type="checkbox"/> Village <input type="checkbox"/> Other		Local Unit Name Carrollton Township	County Saginaw
Fiscal Year End March 31, 2007	Opinion Date September 4, 2007	Date Audit Report Submitted to State September 14, 2007	

We affirm that:

We are certified public accountants licensed to practice in Michigan.

We further affirm the following material, "no" responses have been disclosed in the financial statements, including the notes, or in the Management Letter (report of comments and recommendations).

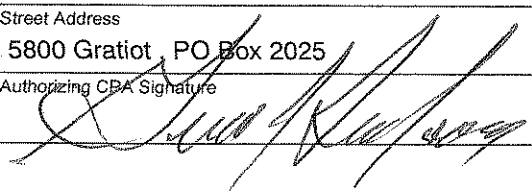
YES NO

Check each applicable box below. (See instructions for further detail.)

1. ☒ ☐ All required component units/funds/agencies of the local unit are included in the financial statements and/or disclosed in the reporting entity notes to the financial statements as necessary.
2. ☐ ☒ There are no accumulated deficits in one or more of this unit's unreserved fund balances/unrestricted net assets (P.A. 275 of 1980) or the local unit has not exceeded its budget for expenditures.
3. ☒ ☐ The local unit is in compliance with the Uniform Chart of Accounts issued by the Department of Treasury.
4. ☒ ☐ The local unit has adopted a budget for all required funds.
5. ☒ ☐ A public hearing on the budget was held in accordance with State statute.
6. ☒ ☐ The local unit has not violated the Municipal Finance Act, an order issued under the Emergency Municipal Loan Act, or other guidance as issued by the Local Audit and Finance Division.
7. ☒ ☐ The local unit has not been delinquent in distributing tax revenues that were collected for another taxing unit.
8. ☒ ☐ The local unit only holds deposits/investments that comply with statutory requirements.
9. ☒ ☐ The local unit has no illegal or unauthorized expenditures that came to our attention as defined in the *Bulletin for Audits of Local Units of Government in Michigan*, as revised (see Appendix H of Bulletin).
10. ☒ ☐ There are no indications of defalcation, fraud or embezzlement, which came to our attention during the course of our audit that have not been previously communicated to the Local Audit and Finance Division (LAFD). If there is such activity that has not been communicated, please submit a separate report under separate cover.
11. ☒ ☐ The local unit is free of repeated comments from previous years.
12. ☒ ☐ The audit opinion is UNQUALIFIED.
13. ☒ ☐ The local unit has complied with GASB 34 or GASB 34 as modified by MCGAA Statement #7 and other generally accepted accounting principles (GAAP).
14. ☒ ☐ The board or council approves all invoices prior to payment as required by charter or statute.
15. ☒ ☐ To our knowledge, bank reconciliations that were reviewed were performed timely.

If a local unit of government (authorities and commissions included) is operating within the boundaries of the audited entity and is not included in this or any other audit report, nor do they obtain a stand-alone audit, please enclose the name(s), address(es), and a description(s) of the authority and/or commission.

I, the undersigned, certify that this statement is complete and accurate in all respects.

<b>We have enclosed the following:</b>	Enclosed	Not Required (enter a brief justification)	
Financial Statements	<input checked="" type="checkbox"/>		
The letter of Comments and Recommendations	<input checked="" type="checkbox"/>		
Other (Describe)	<input type="checkbox"/>		
Certified Public Accountant (Firm Name) The Rehmann Group		Telephone Number 989-799-9580	
Street Address 5800 Gratiot, PO Box 2025		City Saginaw	State MI
Zip 48605			
Authorizing CPA Signature 	Printed Name Gerald J. Desloover, CPA		License Number 1101007126

**Carrollton Township  
Saginaw County, Michigan**

**Financial Statements**

**For the Year Ended March 31, 2007**

# CARROLLTON TOWNSHIP

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# CARROLLTON TOWNSHIP

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**REHMANN ROBSON**

*Certified Public Accountants*

A member of **THE REHMANN GROUP**

An Independent Member of Baker Tilly International

## **INDEPENDENT AUDITORS' REPORT**

September 10, 2007

To the Township Board  
Carrollton Township  
Saginaw, Michigan

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of ***Carrollton Township***, as of and for the year ended March 31, 2007, which collectively comprise the Township's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Township's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of ***Carrollton Township***, as of March 31, 2007, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparisons of the General, Fire, Police, and Garbage/Rubbish governmental funds for the year then ended in conformity with accounting principles general accepted in the United States of America.

The Management's Discussion and Analysis listed in the table of contents on pages 3-13 is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise *Carrollton Township's* basic financial statements. The combining and individual fund financial statements and schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects in relation to the basic financial statements taken as a whole.

A handwritten signature in black ink, reading "Lehmann Johnson". The signature is written in a cursive, flowing style with a large initial 'L'.

## Management's Discussion and Analysis

As management of *Carrollton Township, Michigan*, we offer readers of the Township's financial statements this narrative overview and analysis of the financial activities of the Township for the fiscal year ended March 31, 2007. We encourage readers to consider the information presented here.

### Financial Highlights

- The assets of the Township exceeded its liabilities at the close of the most recent fiscal year by \$11,404,191 (*net assets*). Of this amount, \$4,086,087 (*unrestricted net assets*) may be used to meet the government's ongoing obligations to citizens and creditors.
- The government's total net assets increased by \$490,057.
- As of the close of the current fiscal year, the Township's governmental funds reported combined ending fund balances of \$2,849,827 a decrease of \$537,127 in comparison with the prior year. More than three quarters of this total amount, or \$2,562,561, is *available for spending* at the government's discretion (*undesignated fund balance*).
- At the end of the current fiscal year, unreserved fund balance for the general fund was \$1,066,436 or 14 percent over the total general fund expenditures.
- The Township's total debt decreased by \$327,127 during the current fiscal year as a result of annual debt service requirements.

### Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the Township's basic financial statements. The Township's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

**Government-wide financial statements.** The *government-wide financial statements* are designed to provide readers with a broad overview of the Township's finances, in a manner similar to a private-sector business.

The *statement of net assets* presents information on all of the Township's assets and liabilities, with the difference between the two reported as *net assets*. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the Township is improving or deteriorating.

The *statement of activities* presents information showing how the government's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected special assessments).

Both of the government-wide financial statements distinguish functions of the Township that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the Township include general government, public safety, public works, and parks and recreation. The business-type activities of the Township include sewer and water operations.

The government-wide financial statements can be found on pages 15-16 of this report.

**Fund financial statements.** A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Township, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Township can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

**Governmental funds.** *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The Township maintains seven individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general, fire, police, and garbage/rubbish funds, each of which are considered to be major funds. Data from the other three governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of *combining statements* elsewhere in this report.

The Township adopts an annual appropriated budget for its general and special revenue funds. Budgetary comparison statements or schedules have been provided herein to demonstrate compliance with those budgets.

The basic governmental fund financial statements can be found on pages 17-24 of this report.

**Proprietary funds.** The Township maintains one type of proprietary funds. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The Township uses enterprise funds to account for its sewer and water operations.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the sewer and water operations, both of which are considered to be major funds of the Township.

The basic proprietary fund financial statements can be found on pages 25-27 of this report.

**Fiduciary funds.** Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are *not* reflected in the government-wide financial statements because the resources of those funds are *not* available to support the Township's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

The basic fiduciary fund financial statements can be found on page 28 of this report.



**Notes to the financial statements.** The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 29-52 of this report.

**Other information.** The combining statements referred to earlier in connection with nonmajor governmental funds are presented immediately following the accompanying notes. Combining and individual fund statements and schedules can be found on pages 53-62 of this report.

## Government-wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of Carrollton Township, assets exceeded liabilities by \$11,404,191 at the close of the most recent fiscal year.

One of the largest portions of the Township's net assets (51 percent) reflects its investment in capital assets (e.g., land, buildings, machinery and equipment), less any related debt used to acquire those assets that are still outstanding. The Township uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Township's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

### Carrollton Township's Net Assets

	Governmental Activities		Business-Type Activities		Total	
	2006	2007	2006	2007	2006	2007
Current and other assets	\$ 3,674,200	\$ 3,084,960	\$ 2,981,489	\$ 2,912,755	\$ 6,655,689	\$ 5,997,715
Capital assets	<u>510,990</u>	<u>1,030,759</u>	<u>9,618,872</u>	<u>9,819,262</u>	<u>10,129,862</u>	<u>10,850,021</u>
Total assets	<u>4,185,190</u>	<u>4,115,719</u>	<u>12,600,361</u>	<u>12,732,017</u>	<u>16,785,551</u>	<u>16,847,736</u>
Long-term liabilities						
outstanding	90,973	78,623	5,382,791	5,055,664	5,473,764	5,134,287
Other liabilities	<u>205,245</u>	<u>161,063</u>	<u>137,534</u>	<u>148,195</u>	<u>342,779</u>	<u>309,258</u>
Total liabilities	<u>296,218</u>	<u>239,686</u>	<u>5,520,325</u>	<u>5,203,859</u>	<u>5,816,543</u>	<u>5,443,545</u>
Net assets:						
Invested in capital						
assets, net of						
related debt	510,990	1,030,759	4,236,081	4,763,598	4,747,071	5,794,357
Restricted	36,423	36,157	1,503,614	1,487,590	1,540,037	1,523,747
Unrestricted	<u>3,341,559</u>	<u>2,809,117</u>	<u>1,340,341</u>	<u>1,276,970</u>	<u>4,681,900</u>	<u>4,086,087</u>
Total net assets	<u>\$ 3,888,972</u>	<u>\$ 3,876,033</u>	<u>\$ 7,080,036</u>	<u>\$ 7,528,158</u>	<u>\$ 10,969,008</u>	<u>\$ 11,404,191</u>

An additional portion of the Township's net assets (13 percent) represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net assets* (36 percent or \$4,086,087) may be used to meet the government's ongoing obligations to citizens and creditors.

At the end of the current fiscal year, the Township is able to report positive balances in all three categories of net assets, both for the government as a whole, as well as for its separate governmental and business-type activities. The same situation held true for the prior fiscal year.

The Township's restricted net assets decreased by \$16,290 during the current fiscal year. This decline reflects the additional improvement expenses that were added to the 2005 Water Main Improvement Project.

The Township's net assets increased by \$490,057 during the current fiscal year. This growth largely reflects the degree to which ongoing revenues exceeded ongoing expenses.

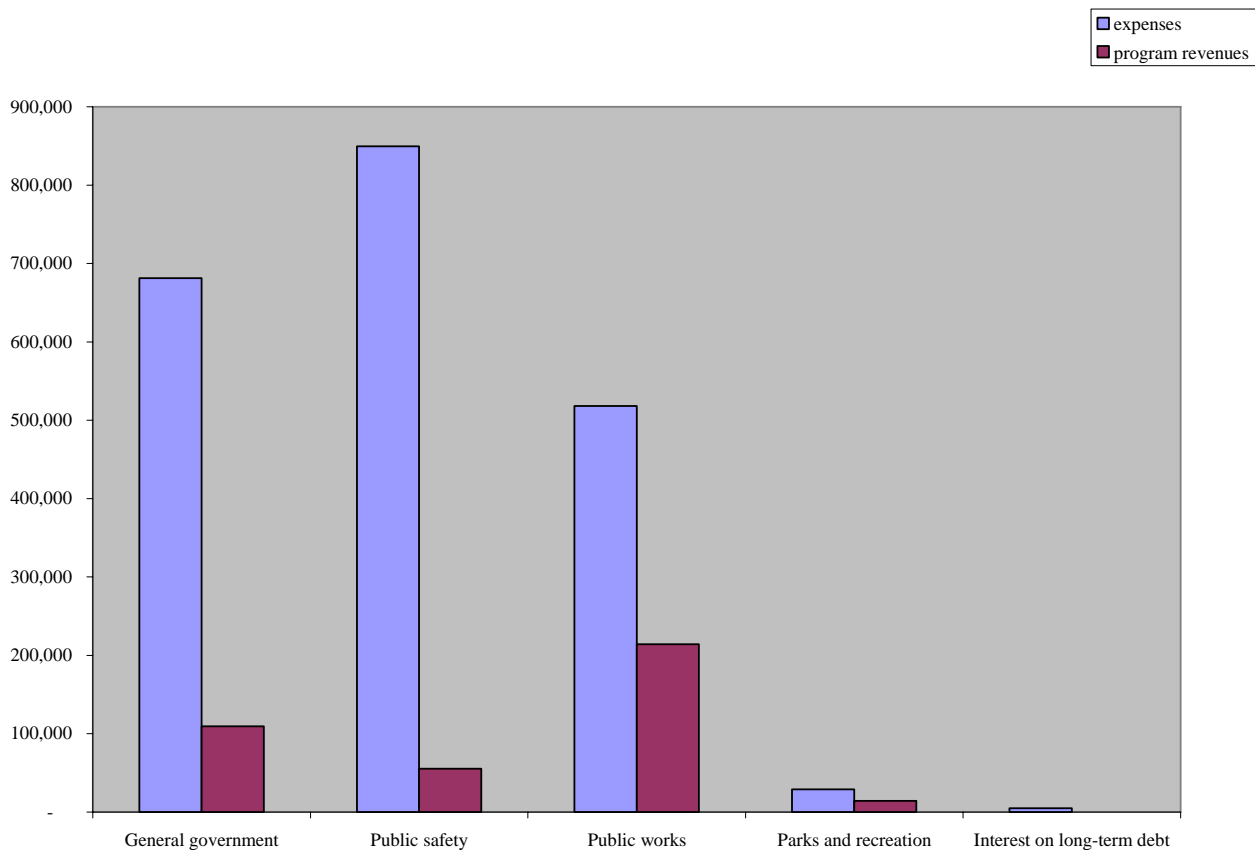
### Carrollton Township's Changes in Net Assets

	Governmental Activities		Business-Type Activities		Total	
	<u>2006</u>	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>	<u>2007</u>
Revenue:						
Program revenue:						
Charges for services	\$ 439,863	\$ 388,032	\$ 1,578,794	\$ 1,441,478	\$ 2,018,657	\$ 1,829,510
Operating grants and contributions	7,778	3,769	-	-	7,778	3,769
Capital grants and contributions	1,405	1,299	2,075	1,839	3,480	3,138
General revenue:						
Property taxes	852,042	885,809	412,279	428,300	1,264,321	1,314,109
Grants and contrib. not restricted to specific programs	663,368	643,090	-	-	663,368	643,090
Other	<u>135,911</u>	<u>148,054</u>	<u>90,937</u>	<u>105,880</u>	<u>226,848</u>	<u>253,934</u>
Total revenue	<u>2,100,367</u>	<u>2,070,053</u>	<u>2,084,085</u>	<u>1,977,497</u>	<u>4,184,452</u>	<u>4,047,550</u>
Expenses:						
General government	705,095	681,198	-	-	705,095	681,198
Public safety	814,973	849,680	-	-	814,973	849,680
Public works	461,959	518,286	-	-	461,959	518,286
Parks and recreation	32,937	28,841	-	-	32,937	28,841
Interest on long-term debt	5,563	4,987	-	-	5,563	4,987
Sewer	-	-	698,848	700,229	698,848	700,229
Water	-	-	<u>814,542</u>	<u>774,272</u>	<u>814,542</u>	<u>774,272</u>
Total expenses	<u>2,020,527</u>	<u>2,082,992</u>	<u>1,513,390</u>	<u>1,474,501</u>	<u>3,533,917</u>	<u>3,557,493</u>
Increase (decrease) in net assets	79,840	(12,939)	570,695	502,996	650,535	490,057
Net assets – beginning of year	<u>3,809,132</u>	<u>3,888,972</u>	<u>6,509,341</u>	<u>7,025,162</u>	<u>10,318,473</u>	<u>10,914,134</u>
Total net assets	<u>\$ 3,888,972</u>	<u>\$ 3,876,033</u>	<u>\$ 7,080,036</u>	<u>\$ 7,528,158</u>	<u>\$ 10,969,008</u>	<u>\$ 11,404,191</u>

**Governmental activities.** Governmental activities decreased the Township's net assets by \$12,939 which, combined with the growth in the business-type activities, resulted in growth in the net assets of the Township. Key elements of this decrease are as follows:

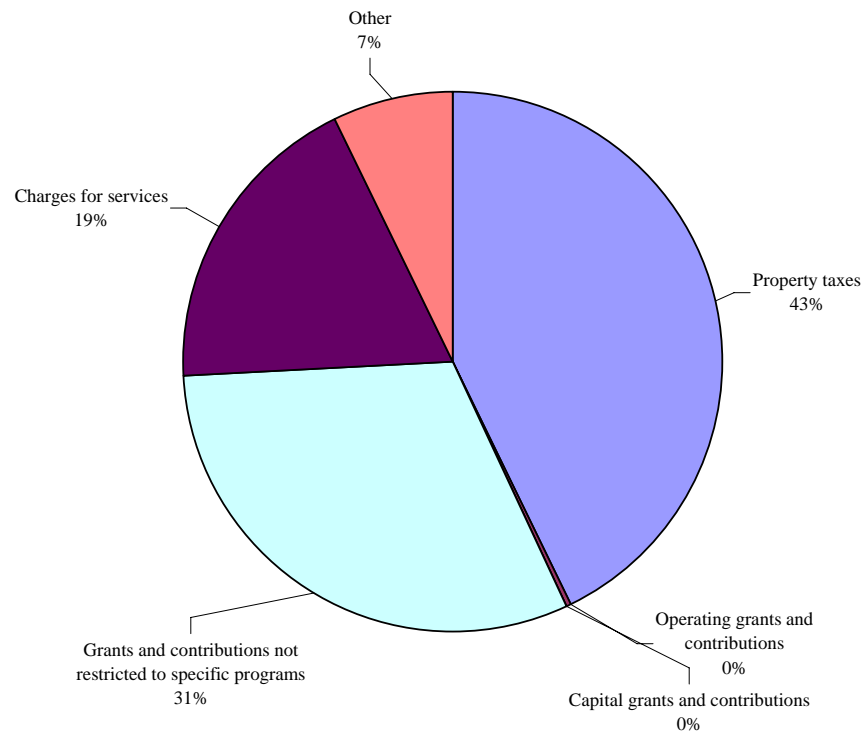
- Property taxes increased by approximately \$49,788 (3.79 percent) during the year. Most of this increase is the product of increased taxable values.
- The Township expenses were under anticipated revenues as a result in part of (1) the continuing reorganization of township staff, (2) the Township's decreased participation in road construction projects with the Saginaw County Road Commission (\$34,423), (3) postponement of the following: the installation of a Carla Drive traffic light (\$34,208), purchase of a DPW truck (\$21,000) and municipal building repair and maintenance (\$42,500), (4) the demolition expenses of the Mershon School building being much less than expected (\$110,619), and (5) the postponement of the township parks repairs (\$38,545). Decreases in planned expenditures total \$281,295 (21.46%). The exceptions to this are significant increases in expenses that reflect current inflation and increased demand for services.

### Expenses and Program Revenues - Governmental Activities



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## Revenues by Source - Governmental Activities



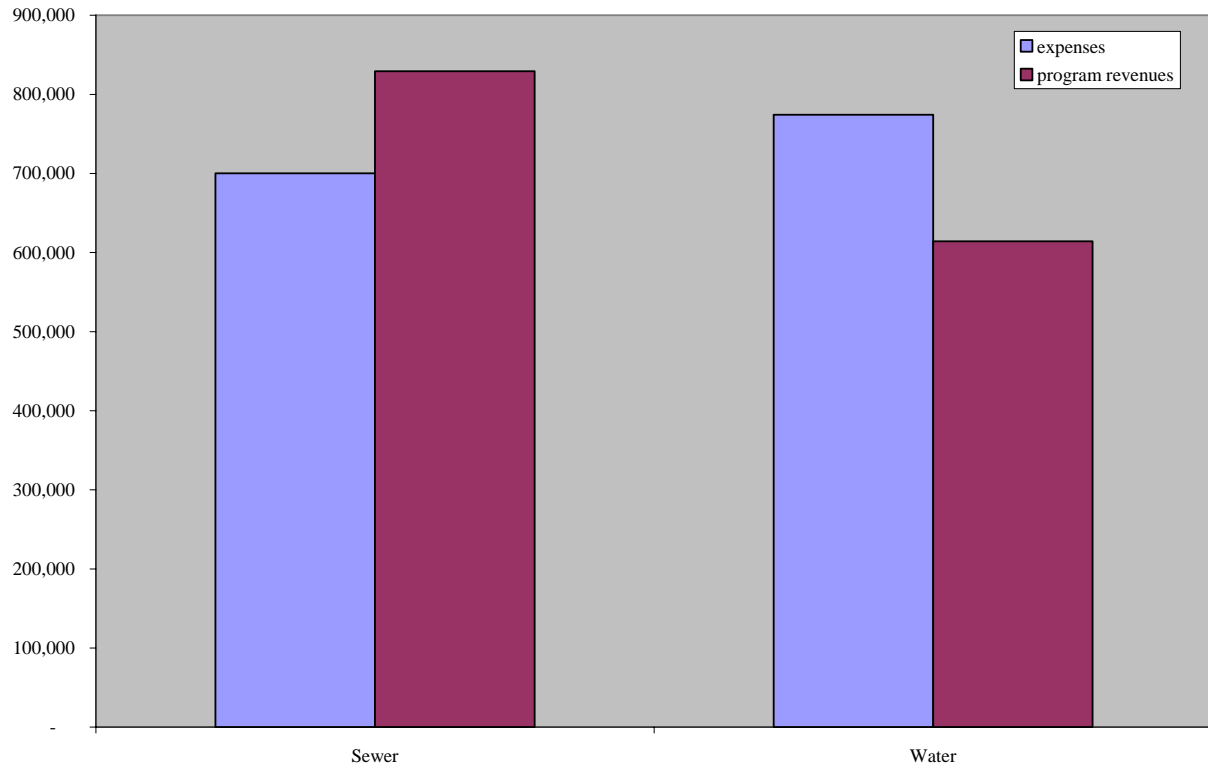
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**Business-type activities.** Business-type activities increased the Township's net assets by \$502,996, combined with the increase in the governmental activities resulted in growth in the net assets of the Township. Key elements of this increase are as follows:

- Expenses decreased due to the reorganization of township departments while charges for services decreased \$137,051 (8.91 percent) due to rate decreases.
- Property taxes increased by \$16,021 (3.89 percent) during the year. Most of this increase is the product of increased taxable values and residential growth.

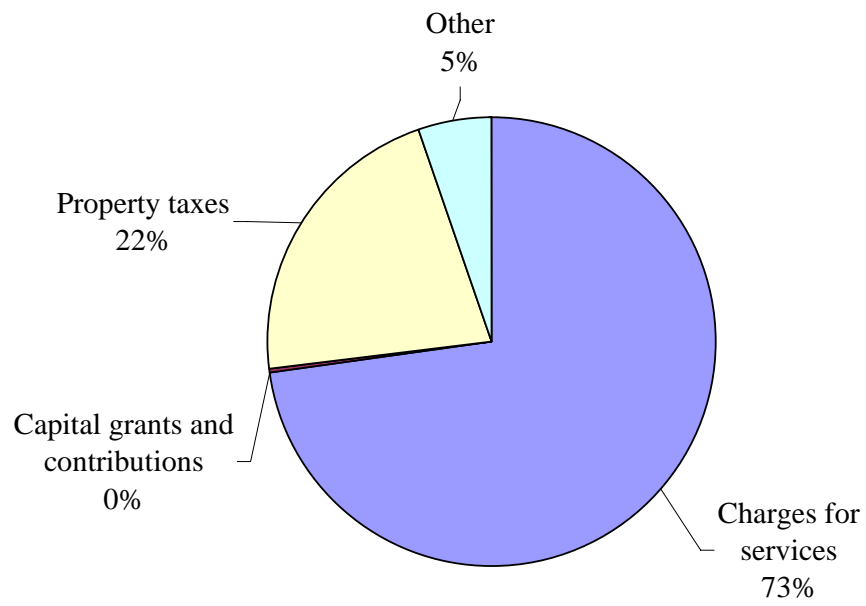
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## Expenses and Program Revenues - Business-type Activities



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### Revenues by Source - Business-type Activities



## Financial Analysis of the Government's Funds

As noted earlier, the Township uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

*Governmental funds.* The focus of the Township's *governmental funds* is to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing the Township's financing requirements. In particular, *unreserved fund balance* may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the Township's governmental funds reported combined ending fund balances of \$2,849,827, a decrease of \$537,127 in comparison with the prior year. Approximately three-quarters of this total amount (\$2.56 million) constitutes *unreserved fund balance*, which is available for spending at the government's discretion. The remainder of fund balance is *reserved* to indicate that it is not available for new spending because it has already been committed (1) to pay debt service (\$38,983), (2) to pay for specific capital projects (\$80,227), (3) for budget stabilization (\$53,131), (4) for prepaid items (\$78,768), or (5) a variety of other restricted purposes (\$36,157).

The general fund is the chief operating fund of the Township. At the end of the current fiscal year, unreserved fund balance of the general fund was \$1,066,436, while total fund balance was \$1,275,113. As a measure of the general fund's liquidity, it may be useful to compare unreserved fund balance to total fund expenditures. Unreserved fund balance represents 100 percent of total general fund expenditures.

The fund balance of the Township's general fund decreased by \$4,935 during the current fiscal year. This is primarily attributable to a decrease in the State Shared revenue from the State of Michigan.

The fire fund has a total fund balance of \$460,559, which decreased by \$475,584 during the year. This was due to the new Quint 4 Fire Truck being completed sooner than expected by the manufacturer and purchased in the current fiscal year.

The police fund had an increase in fund balance for the current year of \$4,230, to an ending total of \$821,486. Original budget estimates did not anticipate reimbursement from Carrollton Public Schools for the School Resource Officer's wages and benefits. The federal grant that originally funded the position has completed and an agreement between the Township and school was formed to continue police protection at the school.

The garbage/rubbish fund has a total fund balance of \$238,468, which decreased by \$44,308 during the year. This decrease was due to not receiving a refund from the waste authority caused by a lack of citizen participation in recycling.

*Proprietary funds.* The Township's proprietary funds provide the same type of information found in the government wide financial statements, but in more detail.

Unrestricted net assets of the sewer and water funds at the end of the year amounted to \$644,917 and \$632,053, respectively. The sewer fund had an increase of \$159,035, and the water fund had an increase of \$343,961 in net assets for the year. Other factors concerning the finances of these two funds have already been addressed in the discussion of the Township's business-type activities.

## General Fund Budgetary Highlights

The difference between the original and final amended budgets for expenditures was an increase of \$4,324. A budget amendment was needed for a township-wide income survey.

During the year, general fund revenues were more than the budgetary estimates and expenditures were less than budgetary estimates, resulting in an actual increase in fund balance that exceeded the final amended budget amount by \$416,963.

Budget to actual comparisons for the Township's special revenue funds were generally favorable as well, although to varying degrees.

## Capital Asset and Debt Administration

**Capital assets.** The Township's investment in capital assets for its governmental and business type activities as of March 31, 2007, amounted to \$10,851,021 (net of accumulated depreciation). This investment in capital assets includes land, buildings and system, improvements, machinery and equipment. The total increase in the Township's investment in capital assets for the current fiscal year was 7.12 percent.

Major capital asset events during the current fiscal year included the following:

- Various equipment and vehicles have been purchased in the general fund (\$16,096), fire fund (\$601,791), police fund (\$23,686), and sewer and water funds (\$610,677).

### Carrollton Township's Capital Assets (net of depreciation)

	<u>Governmental</u> <u>Activities</u>		<u>Business-Type</u> <u>Activities</u>		<u>Total</u>	
	<u>2006</u>	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>	<u>2007</u>
Land	\$ 59,035	\$ 59,035	\$ 1,000	\$ 1,000	\$ 60,035	\$ 60,035
Buildings and systems	179,167	185,155	9,364,745	9,074,410	9,543,912	9,259,565
Vehicles	110,675	718,662	56,969	42,397	167,644	761,059
Equipment	162,113	67,907	10,908	678	173,021	68,585
Construction in progress	-	-	185,250	701,777	185,250	701,777
Total net assets	<u>\$ 510,990</u>	<u>\$ 1,030,759</u>	<u>\$ 9,618,872</u>	<u>\$ 9,820,262</u>	<u>\$ 10,129,862</u>	<u>\$ 10,851,021</u>

Additional information on the Township's capital assets can be found in note 5 on pages 41-43 of this report.



**Long-term debt.** At the end of the current fiscal year, the Township had total debt outstanding of \$5,134,287. Of this amount, \$925,000 comprises debt backed by the full faith and credit of the government. The remainder of the Township's debt represents bonds secured solely by specified revenue sources (e.g., revenue bonds).

### **Carrollton Township's Outstanding Debt** General Obligation and Revenue Bonds

	<u>Governmental</u> <u>Activities</u>		<u>Business-Type</u> <u>Activities</u>		<u>Total</u>	
	<u>2006</u>	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>	<u>2007</u>
General obligation bonds and installment contracts	\$ 90,972	\$ 78,623	\$ -	\$ -	\$ 90,972	\$ 78,623
Revenue bonds and installment contracts	<u>-</u>	<u>-</u>	<u>5,382,791</u>	<u>5,055,664</u>	<u>5,382,791</u>	<u>5,055,664</u>
Total net assets	<u>\$ 90,972</u>	<u>\$ 78,623</u>	<u>\$ 5,382,791</u>	<u>\$ 5,055,664</u>	<u>\$ 5,473,763</u>	<u>\$ 5,134,287</u>

The Township's total debt decreased by \$339,476 (5.98 percent) during the current fiscal year, with debt service being the only changes during the current fiscal year.

The Township issues debt through the Saginaw County Public Works Commission and uses their Standard and Poor's rating. The County's rating ranges from A to AAA. The AAA rating is given for bond issues that are backed with millage levies.

State statutes limit the amount of general obligation debt a governmental entity may issue to 10 percent of its total assessed valuation. The current debt limitation for the Township is \$10,679,600, which is significantly in excess of the Township's outstanding general obligation debt.

Additional information on the Township's long-term debt can be found in note 9 on pages 47-49 of this report.

### **Economic Factors and Next Year's Budgets and Rates**

The following factors were considered in preparing the Township's budget for the 2007-08 fiscal year:

- The February 2007 unemployment rate for the Saginaw-Bay City-Midland metropolitan area (the Township is in the Saginaw area) was 7.9 percent, which is a decrease from a rate of 8.4 percent a year ago. This was higher than the state's February 2007 average unemployment rate of 6.6 percent and the national average rate of 4.5 percent.
- The Township is comprised principally of residential areas. The stability of the business base is still affected by the production shut down of Michigan Sugar Company in 2005.
- In recent years, the Township has experienced reductions in State Shared revenues from the State of Michigan from \$722,392 in 2002 down to \$648,998 in 2007. In light of

continuing State budget constraints, and the constant threat of additional revenue sharing reductions, the Township has reacted by mandating tighter controls over all expenditures.

Inflationary trends in the region compare favorably to national indices.

During the current fiscal year, unreserved fund balance in the general fund decreased to \$1,066,436. The Township has appropriated \$318,875 of this amount for spending in the 2007-08 fiscal year budget. Such appropriations are intended to finance various capital acquisitions and improvements.

### **Requests for Information**

This financial report is designed to provide a general overview of the Township's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Township Treasurer's Office, 1645 Mapleridge Road, Saginaw, Michigan 48604.

## **BASIC FINANCIAL STATEMENTS**

**CARROLLTON TOWNSHIP**  
**Statement of Net Assets**  
**March 31, 2007**

	<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>
<b>Assets</b>			
Cash and cash equivalents	\$ 633,066	\$ 58,060	\$ 691,126
Investments	1,960,595	836,176	2,796,771
Receivables	348,963	396,045	745,008
Internal balances	(11,792)	11,792	-
Prepaid items and other assets	78,768	69,155	147,923
Inventory	-	57,092	57,092
Restricted cash and cash equivalents	36,157	10,832	46,989
Restricted investments	39,203	1,473,603	1,512,806
Nondepreciable capital assets	59,035	701,777	760,812
Depreciable capital assets, net	971,724	9,117,485	10,089,209
<b>Total assets</b>	<b>4,115,719</b>	<b>12,732,017</b>	<b>16,847,736</b>
<b>Liabilities</b>			
Accounts payable and accrued expenses	161,063	148,195	309,258
Noncurrent liabilities:			
Due within one year	12,350	286,390	298,740
Due in more than one year	66,273	4,769,274	4,835,547
<b>Total liabilities</b>	<b>239,686</b>	<b>5,203,859</b>	<b>5,443,545</b>
<b>Net Assets</b>			
Invested in capital assets, net of related debt	1,030,759	4,763,598	5,794,357
Restricted for:			
Debt service	-	56,729	56,729
Capital projects	-	1,427,706	1,427,706
Public safety programs	9,112	-	9,112
Public works activities	27,045	-	27,045
Unrestricted	2,809,117	1,280,125	4,089,242
<b>Total net assets</b>	<b>\$ 3,876,033</b>	<b>\$ 7,528,158</b>	<b>\$ 11,404,191</b>

The accompanying notes are an integral part of these financial statements.

**CARROLLTON TOWNSHIP**  
**Statement of Activities**  
**For the year ended March 31, 2007**

<u>Functions / Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>			<u>Net (Expense) Revenue</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	
Governmental activities:					
General government:					
Code enforcement	\$ -	\$ -	\$ -	\$ -	\$ -
Other general government	681,198	109,623	-	-	(571,575)
Public safety:					
Fire protection	126,054	13	-	-	(126,041)
Police protection	700,463	39,456	3,769	-	(657,238)
Building inspections	23,163	12,101	-	-	(11,062)
Public works:					
Highways and streets	104,833	-	-	-	(104,833)
Garbage and rubbish	257,145	207,440	-	-	(49,705)
Other public works	156,308	5,213	-	1,299	(149,796)
Parks and recreation:					
Parks	11,665	-	-	-	(11,665)
Recreation	17,176	14,186	-	-	(2,990)
Interest on long-term debt	4,987	-	-	-	(4,987)
Total governmental activities	<u>2,082,992</u>	<u>388,032</u>	<u>3,769</u>	<u>1,299</u>	<u>(1,689,892)</u>
Business-type activities:					
Sewer	700,229	828,388	-	826	128,985
Water	<u>774,272</u>	<u>613,090</u>	<u>-</u>	<u>1,013</u>	<u>(160,169)</u>
Total business-type activities	<u>1,474,501</u>	<u>1,441,478</u>	<u>-</u>	<u>1,839</u>	<u>(31,184)</u>
Total primary government	<u>\$ 3,557,493</u>	<u>\$ 1,829,510</u>	<u>\$ 3,769</u>	<u>\$ 3,138</u>	<u>\$ (1,721,076)</u>

continued...

	<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>
<b>Changes in net assets</b>			
Net (expense) revenue	\$ (1,689,892)	\$ (31,184)	\$ (1,721,076)
General revenues:			
Property taxes:			
Property taxes, levied for general purposes	82,220	-	82,220
Property taxes, levied for fire protection	201,276	-	201,276
Property taxes, levied for police protection	601,501	-	601,501
Property taxes, levied for the construction of water improvements	-	428,300	428,300
Payment in lieu of property taxes	812	-	812
Grants and contributions not restricted to specific programs	643,090	-	643,090
Unrestricted investment earnings	125,473	105,623	231,096
Gain on sale of capital assets	7,695	-	7,695
Miscellaneous	14,886	257	15,143
Total general revenues	1,676,953	534,180	2,211,133
Change in net assets	(12,939)	502,996	490,057
Net assets, beginning of year, as restated	3,888,972	7,025,162	10,914,134
<b>Net assets, end of year</b>	<b>\$ 3,876,033</b>	<b>\$ 7,528,158</b>	<b>\$ 11,404,191</b>

The accompanying notes are an integral part of these financial statements.

**CARROLLTON TOWNSHIP**  
**Balance Sheet**  
**Governmental Funds**  
**March 31, 2007**

	General	Fire	Police
<b><u>ASSETS</u></b>			
Cash and cash equivalents	\$ 160,776	\$ 19,430	\$ 340,704
Investments	1,005,731	406,981	384,127
Taxes receivable - delinquent	38,371	18,197	54,382
Special assessments receivable	18,507	-	-
Accrued interest receivable	6,757	4,117	3,428
Accounts receivable	14,697	-	19,544
Due from other governmental units	89,227	-	-
Prepaid expenditures	36,336	13,492	28,562
HUD loans/grants receivable	55,638	-	-
Restricted assets - cash and cash equivalents	-	-	9,112
Restricted assets - investments	39,203	-	-
<b><u>TOTAL ASSETS</u></b>	<b><u>\$ 1,465,243</u></b>	<b><u>\$ 462,217</u></b>	<b><u>\$ 839,859</u></b>
<b><u>LIABILITIES AND FUND EQUITY</u></b>			#N/A
<b>LIABILITIES</b>			
Accounts payable	\$ 19,700	\$ 1,658	\$ 12,512
Accrued payroll	3,976	-	5,861
Accrued liabilities	53,222	-	-
Due to other governmental units	27,370	-	-
Due to other funds	11,792	-	-
Deferred revenue	74,070	-	-
<b>TOTAL LIABILITIES</b>	<b>190,130</b>	<b>1,658</b>	<b>18,373</b>
<b>FUND EQUITY</b>			
Fund balances:			
Reserved for debt service	38,983	-	-
Reserved for capital improvements	80,227	-	-
Reserved for budget stabilization	53,131	-	-
Reserved for grants and donations	-	-	9,112
Reserved for deposits held by others	-	-	-
Reserved for prepaid items	36,336	13,492	28,562
Unreserved, reported in:			
Undesignated:			
General Fund	747,561	-	-
Special Revenue Funds	-	315,789	237,611
Designated for subsequent years' expenditures:			
General Fund	318,875	-	-
Special Revenue Funds	-	131,278	546,201
<b>TOTAL FUND EQUITY</b>	<b>1,275,113</b>	<b>460,559</b>	<b>821,486</b>
<b><u>TOTAL LIABILITIES AND FUND EQUITY</u></b>	<b><u>\$ 1,465,243</u></b>	<b><u>\$ 462,217</u></b>	<b><u>\$ 839,859</u></b>

The accompanying notes are an integral part of these financial statements.

<b>Garbage/ Rubbish</b>	<b>Other Governmental Funds</b>	<b>Total Governmental Funds</b>
\$ 102,588	\$ 9,568	\$ 633,066
117,072	46,684	1,960,595
23,241	-	134,191
-	-	18,507
2,259	255	16,816
-	343	34,584
-	-	89,227
-	378	78,768
-	-	55,638
27,045	-	36,157
-	-	39,203

<u>\$ 272,205</u>	<u>\$ 57,228</u>	<u>\$ 3,096,752</u>
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\$ 33,737	\$ 1,757	\$ 69,364
-	1,270	11,107
-	-	53,222
-	-	27,370
-	-	11,792
-	-	74,070

<u>33,737</u>	<u>3,027</u>	<u>246,925</u>
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-	-	38,983
-	-	80,227
-	-	53,131
-	-	9,112
27,045	-	27,045
-	378	78,768

-	-	747,561
29,648	3,247	586,295
-	-	318,875
181,775	50,576	909,830

<u>238,468</u>	<u>54,201</u>	<u>2,849,827</u>
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<u>\$ 272,205</u>	<u>\$ 57,228</u>	<u>\$ 3,096,752</u>
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**CARROLLTON TOWNSHIP**  
**Reconciliation of Fund Balances on the Balance Sheet**  
**for Governmental Funds to Net Assets of**  
**Governmental Activities on the Statement of Net Assets**  
**March 31, 2007**

Fund balances - total governmental funds	\$ 2,849,827
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Amounts reported for *governmental activities* in the statement of net assets are different because:

Certain assets, such as special assessments receivable, are not available in the current period and therefore are reported as deferred revenue in the funds.

Add - special assessments receivable deferred	18,432
Add - HUD loans receivable deferred	55,638

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.

Add - capital assets	3,035,987
Deduct - accumulated depreciation	(2,005,228)

Certain liabilities, such as bonds payable, are not due and payable in the current period and therefore are not reported in the funds.

Deduct - bonds payable	<u>(78,623)</u>
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Net assets of governmental activities	<u><u>\$ 3,876,033</u></u>
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The accompanying notes are an integral part of these financial statements.

**CARROLLTON TOWNSHIP**  
**Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Governmental Funds**  
**For the year ended March 31, 2007**

	<b>General</b>	<b>Fire</b>	<b>Police</b>
<b>REVENUES</b>			
Taxes and special assessments	\$ 133,701	\$ 201,276	\$ 601,501
Licenses and permits	62,231	-	-
State grants	648,998	-	3,059
Charges for services	5,316	-	-
Fines and forfeits	-	13	12,115
Interest on investments	52,793	18,154	36,349
Refunds and reimbursements	9,036	-	21,004
Other	18,305	3,808	926
<b>TOTAL REVENUES</b>	<b>930,380</b>	<b>223,251</b>	<b>674,954</b>
<b>EXPENDITURES</b>			
Current:			
General government	630,040	-	-
Public safety	-	97,044	675,981
Public works	139,620	-	-
Highways and streets	104,833	-	-
Garbage and rubbish	-	-	-
Parks and recreation	7,847	-	-
Capital outlay	16,096	601,791	23,686
Debt service:			
Principal	12,349	-	-
Interest and charges	4,987	-	-
<b>TOTAL EXPENDITURES</b>	<b>915,772</b>	<b>698,835</b>	<b>699,667</b>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<b>14,608</b>	<b>(475,584)</b>	<b>(24,713)</b>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	9,400	-	28,943
Transfers (out)	(28,943)	-	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>(19,543)</b>	<b>-</b>	<b>28,943</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>(4,935)</b>	<b>(475,584)</b>	<b>4,230</b>
<b>FUND BALANCES, BEGINNING OF YEAR</b>	<b>1,280,048</b>	<b>936,143</b>	<b>817,256</b>
<b>FUND BALANCES, END OF YEAR</b>	<b>\$ 1,275,113</b>	<b>\$ 460,559</b>	<b>\$ 821,486</b>

The accompanying notes are an integral part of these financial statements.

<b>Garbage/ Rubbish</b>	<b>Other Governmental Funds</b>	<b>Total Governmental Funds</b>
\$ 207,191	\$ -	\$ 1,143,669
-	12,101	74,332
-	-	652,057
-	14,186	19,502
-	6,228	18,356
5,614	3,877	116,787
-	-	30,040
32	216	23,287
212,837	36,608	2,078,030
-	-	630,040
-	26,562	799,587
-	-	139,620
-	-	104,833
257,145	-	257,145
-	17,176	25,023
-	-	641,573
-	-	12,349
-	-	4,987
257,145	43,738	2,615,157
(44,308)	(7,130)	(537,127)
-	-	38,343
-	(9,400)	(38,343)
-	(9,400)	-
(44,308)	(16,530)	(537,127)
282,776	70,731	3,386,954
\$ 238,468	\$ 54,201	\$ 2,849,827

**CARROLLTON TOWNSHIP**  
**Reconciliation of the Statement of Revenues, Expenditures**  
**and Change in Fund Balances of Governmental Funds**  
**to the Statement of Activities**  
**For the year ended March 31, 2007**

Net change in fund balances - total governmental funds \$ (537,127)

Amounts reported for *governmental activities* in the statement of activities  
are different because:

Governmental funds report capital outlays as expenditures. However, in the  
statement of activities, the cost of those assets is allocated over their estimated  
useful lives and reported as depreciation expense.

Add - capital outlay	641,573
Deduct - depreciation expense	(121,205)
Deduct - disposal of capital assets	(599)

Revenues that are reported in the statement of activities that do not provide current  
financial resources, and are not reported as revenues in the funds.

Deduct -special assessments	(2,024)
Deduct - write-off of uncollectible receivable	(5,906)

Bond proceeds provide current financial resources to governmental funds in the period  
issued, but issuing bonds increases long-term liabilities in the statement of net assets.  
Repayment of bond principal is an expenditure in the governmental funds, but the  
repayment reduces long-term liabilities in the statement of net assets.

Add - principal payments on long-term liabilities

Change in net assets of governmental activities

12,349
<hr/>
\$ (12,939)
<hr/>

The accompanying notes are an integral part of these financial statements.

**CARROLLTON TOWNSHIP**  
**Statement of Revenues, Expenditures and Changes**  
**in Fund Balances - Budget and Actual**  
**General Fund**  
**For the year ended March 31, 2007**

	<b>Budgeted Amounts</b>			<b>Actual Over (Under) Final Budget</b>
	<b>Original</b>	<b>Final</b>	<b>Actual</b>	
<b>REVENUES</b>				
Taxes and special assessments	\$ 128,387	\$ 128,387	\$ 133,701	\$ 5,314
Licenses and permits	56,725	56,725	62,231	5,506
State grants	647,762	647,762	648,998	1,236
Charges for services	5,530	5,530	5,316	(214)
Interest on investments	25,000	25,000	52,793	27,793
Refunds and reimbursements	8,250	8,250	9,036	786
Other	8,000	8,000	18,305	10,305
<b>TOTAL REVENUES</b>	<b>879,654</b>	<b>879,654</b>	<b>930,380</b>	<b>50,726</b>
<b>EXPENDITURES</b>				
General government	702,208	722,730	630,040	(92,690)
Public works	276,424	263,651	139,620	(124,031)
Highways and streets	175,006	175,275	104,833	(70,442)
Parks	6,826	46,399	7,847	(38,552)
Capital outlay	82,900	37,197	16,096	(21,101)
Debt service - principal	9,915	12,351	12,349	(2)
Debt service - interest and charges	5,178	5,178	4,987	(191)
<b>TOTAL EXPENDITURES</b>	<b>1,258,457</b>	<b>1,262,781</b>	<b>915,772</b>	<b>(347,009)</b>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<b>(378,803)</b>	<b>(383,127)</b>	<b>14,608</b>	<b>397,735</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	-	9,400	9,400	-
Transfers (out)	(41,752)	(48,171)	(28,943)	19,228
<b>NET CHANGE IN FUND BALANCE</b>	<b>(420,555)</b>	<b>(421,898)</b>	<b>(4,935)</b>	<b>416,963</b>
<b>FUND BALANCE, BEGINNING OF YEAR</b>	<b>1,280,048</b>	<b>1,280,048</b>	<b>1,280,048</b>	<b>-</b>
<b>FUND BALANCE, END OF YEAR</b>	<b>\$ 859,493</b>	<b>\$ 858,150</b>	<b>\$ 1,275,113</b>	<b>\$ 416,963</b>

The accompanying notes are an integral part of these financial statements.

**CARROLLTON TOWNSHIP**  
**Statement of Revenues, Expenditures and Changes**  
**in Fund Balances - Budget and Actual**  
**Fire Fund**  
**For the year ended March 31, 2007**

	<b>Budgeted Amounts</b>		<b>Actual</b>	
	<b>Original</b>	<b>Final</b>	<b>Actual</b>	<b>Actual Over (Under) Final Budget</b>
<b>REVENUES</b>				
Current property taxes	\$ 200,714	\$ 200,714	\$ 201,162	\$ 448
Industrial facilities tax	114	114	114	-
Fines and forfeits	20	20	13	(7)
Interest on investments	16,500	16,500	18,154	1,654
Other	-	-	3,808	3,808
<b>TOTAL REVENUES</b>	<b>217,348</b>	<b>217,348</b>	<b>223,251</b>	<b>5,903</b>
<b>EXPENDITURES</b>				
Public Safety:				
Salaries and wages	40,638	40,638	37,338	(3,300)
Employee benefits	5,972	6,358	6,091	(267)
Office supplies	700	500	402	(98)
Operating supplies	11,150	11,150	4,800	(6,350)
Uniforms	650	650	185	(465)
Audit	680	695	695	-
Legal services	600	-	-	-
Contracted services	468	536	536	-
Memberships and dues	1,000	1,000	700	(300)
Medical	2,400	2,400	1,241	(1,159)
Telephone	4,200	4,200	3,660	(540)
Travel	3,000	1,790	1,142	(648)
Hydrant rental	8,000	8,000	8,000	-
Gas and oil	2,530	2,530	1,286	(1,244)
Printing and publishing	500	500	-	(500)
Insurance	14,130	15,671	15,670	(1)
Water and sewer	1,200	1,200	378	(822)
Gas and electric	7,200	7,200	5,232	(1,968)
Computer services	1,055	1,055	428	(627)
Repairs and Maintenance	16,700	16,700	5,116	(11,584)
Education and training	3,700	3,700	1,545	(2,155)
Other	3,548	3,548	2,599	(949)
Capital outlay	161,500	161,500	601,791	440,291
<b>TOTAL EXPENDITURES</b>	<b>291,521</b>	<b>291,521</b>	<b>698,835</b>	<b>407,314</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>(74,173)</b>	<b>(74,173)</b>	<b>(475,584)</b>	<b>(401,411)</b>
<b>FUND BALANCE, BEGINNING OF YEAR</b>	<b>936,143</b>	<b>936,143</b>	<b>936,143</b>	<b>-</b>
<b>FUND BALANCE, END OF YEAR</b>	<b>\$ 861,970</b>	<b>\$ 861,970</b>	<b>\$ 460,559</b>	<b>\$ (401,411)</b>

The accompanying notes are an integral part of these financial statements.

**CARROLLTON TOWNSHIP**  
**Statement of Revenues, Expenditures and Changes**  
**in Fund Balances - Budget and Actual**  
**Police Fund**  
**For the year ended March 31, 2007**

	<b>Budgeted Amounts</b>			<b>Actual</b>	<b>Over (Under)</b>
	<b>Original</b>	<b>Final</b>		<b>Actual</b>	<b>Final Budget</b>
<b>REVENUES</b>					
Property taxes	\$ 599,812	\$ 599,812	\$	601,160	\$ 1,348
Industrial facilities tax	245	245		341	96
State grants	2,900	2,900		3,059	159
Fines and forfeits	13,000	13,000		12,115	(885)
Interest on investments	9,500	9,500		36,349	26,849
Refunds and reimbursements	4,300	4,300		21,004	16,704
Other	2,100	2,100		926	(1,174)
<b>TOTAL REVENUES</b>	<b>631,857</b>	<b>631,857</b>		<b>674,954</b>	<b>43,097</b>
<b>EXPENDITURES</b>					
Public Safety:					
Police Department					
Salaries and wages	337,321	364,353		360,866	(3,487)
Employee benefits	174,961	212,664		207,709	(4,955)
Supplies	17,100	11,000		9,859	(1,141)
Uniforms	6,500	6,500		6,247	(253)
Audit	1,340	1,390		1,348	(42)
Legal services	8,500	6,700		6,516	(184)
Memberships and dues	500	300		270	(30)
Medical	1,000	900		833	(67)
Telephone	6,700	4,515		4,512	(3)
Beeper service	120	120		107	(13)
Travel	2,150	1,885		1,717	(168)
Gas and oil	884	680		597	(83)
Printing and publishing	200	200		-	(200)
Insurance	20,862	16,875		16,875	-
Utilities	12,620	12,620		12,539	(81)
Repairs and maintenance	9,000	8,985		8,879	(106)
Computer services	6,755	8,172		8,171	(1)
Education and training	4,500	1,881		1,881	-
Other	2,898	1,407		1,294	(113)
Child Registry Program	4,325	3,081		2,065	(1,016)
<b>Total Police Department</b>	<b>618,236</b>	<b>664,228</b>		<b>652,285</b>	<b>(11,943)</b>

	Budgeted Amounts		Actual		Actual Over (Under) Final Budget
	Original	Final			
<b>Crossing Guard Department</b>					
Salaries and wages	\$ 10,786	\$ 10,003	\$ 9,620	\$	(383)
Employee benefits	1,934	1,736	1,614		(122)
Supplies	450	11	10		(1)
Audit	65	65	42		(23)
Other	50	-	-		-
<b>Total Crossing Guard Department</b>	<b>13,285</b>	<b>11,815</b>	<b>11,286</b>		<b>(529)</b>
<b>Code Enforcement Department</b>					
Salaries and wages	12,690	9,450	9,421		(29)
Employee benefits	2,427	2,990	2,378		(612)
Supplies	1,350	100	7		(93)
Legal services	1,500	1,500	-		(1,500)
Other	9,000	1,307	604		(703)
<b>Total Code Enforcement Department</b>	<b>26,967</b>	<b>15,347</b>	<b>12,410</b>		<b>(2,937)</b>
<b>Total Public Safety</b>	<b>658,488</b>	<b>691,390</b>	<b>675,981</b>		<b>(15,409)</b>
Capital outlay	68,418	68,418	23,686		(44,732)
<b>TOTAL EXPENDITURES</b>	<b>726,906</b>	<b>759,808</b>	<b>699,667</b>		<b>(60,141)</b>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<b>(95,049)</b>	<b>(127,951)</b>	<b>(24,713)</b>		<b>103,238</b>
<b>OTHER FINANCING SOURCES</b>					
Transfers in:					
General Fund	40,252	40,252	28,943		11,309
<b>NET CHANGE IN FUND BALANCE</b>	<b>(54,797)</b>	<b>(87,699)</b>	<b>4,230</b>		<b>91,929</b>
FUND BALANCE, BEGINNING OF YEAR	817,256	817,256	817,256		-
<b>FUND BALANCE, END OF YEAR</b>	<b>\$ 762,459</b>	<b>\$ 729,557</b>	<b>\$ 821,486</b>	<b>\$</b>	<b>91,929</b>

The accompanying notes are an integral part of these financial statements.



**CARROLLTON TOWNSHIP**  
**Statement of Revenues, Expenditures and Changes**  
**in Fund Balances - Budget and Actual**  
**Garbage/Rubbish Fund**  
**For the year ended March 31, 2007**

	Budgeted Amounts		Actual	Actual
	Original	Final		Over (Under) Final Budget
<b>REVENUES</b>				
Special assessment	\$ 206,193	\$ 206,193	\$ 207,191	\$ 998
Interest on investments	3,350	3,350	5,614	2,264
Other	-	-	32	32
<b>TOTAL REVENUES</b>	209,543	209,543	212,837	3,294
<b>EXPENDITURES</b>				
Garbage and Rubbish:				
Audit	350	350	278	(72)
Contractual services	273,105	273,025	256,787	(16,238)
Supplies	-	80	80	-
<b>TOTAL EXPENDITURES</b>	273,455	273,455	257,145	(16,310)
<b>NET CHANGE IN FUND BALANCE</b>	(63,912)	(63,912)	(44,308)	19,604
<b>FUND BALANCE, BEGINNING OF YEAR</b>	282,776	282,776	282,776	-
<b>FUND BALANCE, END OF YEAR</b>	\$ 218,864	\$ 218,864	\$ 238,468	\$ 19,604

The accompanying notes are an integral part of these financial statements.

**CARROLLTON TOWNSHIP**  
**Statement of Net Assets**  
**Proprietary Funds**  
**March 31, 2007**

	Enterprise Funds		
	Sewer	Water	Total
<b><u>ASSETS</u></b>			
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	\$ 20,899	\$ 37,161	\$ 58,060
Investments	404,443	431,733	836,176
Taxes receivable - delinquent	706	43,376	44,082
Special assessments	11,718	12,887	24,605
Accounts receivable	111,369	78,744	190,113
Interest receivable	5,141	2,673	7,814
Due from other funds	5,896	5,896	11,792
Prepaid expenses	29,979	39,176	69,155
Inventory - supplies	7,111	49,981	57,092
<b>TOTAL CURRENT ASSETS</b>	<b>597,262</b>	<b>701,627</b>	<b>1,298,889</b>
<b>OTHER ASSETS</b>			
Due from NWUA	129,431	-	129,431
<b>RESTRICTED ASSETS</b>			
Cash and cash equivalents:			
Cash at County	-	4,217	4,217
Bond and interest	-	6,615	6,615
Investments:			
Evergreen project	31,470	-	31,470
Balsam Road project	-	14,427	14,427
Capital improvement	151,888	-	151,888
Construction projects	-	1,275,818	1,275,818
<b>TOTAL RESTRICTED ASSETS</b>	<b>183,358</b>	<b>1,301,077</b>	<b>1,484,435</b>
<b>CAPITAL ASSETS</b>			
Construction in progress	333,072	367,705	700,777
Property, plant and equipment	5,283,619	9,302,396	14,586,015
	5,616,691	9,670,101	15,286,792
Less accumulated depreciation	(2,812,066)	(2,655,464)	(5,467,530)
<b>TOTAL CAPITAL ASSETS</b>	<b>2,804,625</b>	<b>7,014,637</b>	<b>9,819,262</b>
<b><u>TOTAL ASSETS</u></b>	<b>3,714,676</b>	<b>9,017,341</b>	<b>12,732,017</b>

	Enterprise Funds		
	Sewer	Water	Total
<b><u>LIABILITIES</u></b>			
<b>CURRENT LIABILITIES</b>			
Accounts payable	\$ 46,732	\$ 27,092	\$ 73,824
Accrued payroll	988	988	1,976
Accrued interest payable	24,976	33,994	58,970
Customer advance deposits	5,925	7,500	13,425
Current portion of long-term debt	58,690	227,700	286,390
<b>TOTAL CURRENT LIABILITIES</b>	<b>137,311</b>	<b>297,274</b>	<b>434,585</b>
<b>LONG-TERM LIABILITIES</b>			
Contracts payable	1,010,552	4,045,112	5,055,664
Less current portion	(58,690)	(227,700)	(286,390)
<b>TOTAL LONG-TERM LIABILITIES</b>	<b>951,862</b>	<b>3,817,412</b>	<b>4,769,274</b>
<b>TOTAL LIABILITIES</b>	<b>1,089,173</b>	<b>4,114,686</b>	<b>5,203,859</b>
<b>NET ASSETS</b>			
Investment in capital assets, net of related debt	1,794,073	2,969,525	4,763,598
Restricted for debt service	31,470	25,259	56,729
Restricted for system replacement/construction	151,888	1,275,818	1,427,706
Unrestricted	648,072	632,053	1,280,125
<b>TOTAL NET ASSETS</b>	<b>\$ 2,625,503</b>	<b>\$ 4,902,655</b>	<b>\$ 7,528,158</b>

The accompanying notes are an integral part of these financial statements.

**CARROLLTON TOWNSHIP**  
**Statement of Revenues, Expenses and**  
**Changes in Fund Net Assets**  
**Proprietary Funds**  
**For the year ended March 31, 2007**

	Enterprise Funds		
	Sewer	Water	Total
<b>OPERATING REVENUES</b>			
Charges for services	\$ 810,505	\$ 590,456	\$ 1,400,961
Fines and fees	17,353	22,634	39,987
Refunds and reimbursements	660	-	660
Rent	57	-	57
Miscellaneous	-	70	70
<b>TOTAL OPERATING REVENUES</b>	<b>828,575</b>	<b>613,160</b>	<b>1,441,735</b>
<b>OPERATING EXPENSES</b>			
Salary and wages	49,307	64,617	113,924
Employee benefits	26,946	40,196	67,142
Postage	1,754	1,754	3,508
Operating supplies	917	9,694	10,611
Uniforms	778	778	1,556
Contracted services	19,119	1,139	20,258
Memberships and dues	213	912	1,125
Medical expenses	195	195	390
Telephone and communication	9,951	5,310	15,261
Insurance	29,624	32,615	62,239
Purchased water / sewer treatment	323,191	197,025	520,216
Gas and oil	2,264	2,632	4,896
Printing	51	-	51
Utilities	24,934	-	24,934
Repairs and maintenance	30,019	10,693	40,712
Education and training	424	1,019	1,443
Travel	37	37	74
Miscellaneous	1,892	5,525	7,417
Depreciation	128,854	225,361	354,215
<b>TOTAL OPERATING EXPENSES</b>	<b>650,470</b>	<b>599,502</b>	<b>1,249,972</b>
<b>OPERATING INCOME (LOSS)</b>	<b>178,105</b>	<b>13,658</b>	<b>191,763</b>
<b>NON-OPERATING REVENUES (EXPENSES)</b>			
Current property taxes	-	428,300	428,300
Interest income	30,689	76,773	107,462
Loss on sale of assets	(599)	(599)	(1,198)
Interest expense	(49,160)	(174,171)	(223,331)
<b>TOTAL NON-OPERATING REVENUES (EXPENSES)</b>	<b>(19,070)</b>	<b>330,303</b>	<b>311,233</b>
<b>CHANGE IN NET ASSETS</b>	<b>159,035</b>	<b>343,961</b>	<b>502,996</b>
NET ASSETS, BEGINNING OF YEAR, AS RESTATED	2,466,468	4,558,694	7,025,162
<b>NET ASSETS, END OF YEAR</b>	<b>\$ 2,625,503</b>	<b>\$ 4,902,655</b>	<b>\$ 7,528,158</b>

The accompanying notes are an integral part of these financial statements.

**CARROLLTON TOWNSHIP**  
**Statement of Cash Flows**  
**Proprietary Funds**  
**For the year ended March 31, 2007**

	<b>Enterprise Funds</b>		
	<b>Sewer</b>	<b>Water</b>	<b>Total</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash received from customers	\$ 789,758	\$ 627,586	\$ 1,417,344
Cash payments to employees	(51,712)	(66,013)	(117,725)
Cash payments to suppliers for goods and services	(467,676)	(304,567)	(772,243)
Cash payments for interfund services	(5,896)	(5,856)	(11,752)
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<b>264,474</b>	<b>251,150</b>	<b>515,624</b>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>			
Current property taxes	-	428,300	428,300
Acquisition and construction of capital assets	(217,612)	(369,130)	(586,742)
Principal paid on contracts payable	(122,835)	(222,500)	(345,335)
Interest paid on contracts payable	(49,160)	(174,171)	(223,331)
<b>NET CASH PROVIDED (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES</b>	<b>(389,607)</b>	<b>(337,501)</b>	<b>(727,108)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Interest received on operating funds	30,689	76,773	107,462
Purchase of investments	74,640	(12,285)	62,355
<b>NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES</b>	<b>105,329</b>	<b>64,488</b>	<b>169,817</b>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>(19,804)</b>	<b>(21,863)</b>	<b>(41,667)</b>
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>	<b>40,703</b>	<b>69,856</b>	<b>110,559</b>
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	<b>\$ 20,899</b>	<b>\$ 47,993</b>	<b>\$ 68,892</b>

**CARROLLTON TOWNSHIP**  
**Statement of Cash Flows**  
**Proprietary Funds**  
**For the year ended March 31, 2007**

	Enterprise Funds		
	Sewer	Water	Total
<b>OPERATING INCOME (LOSS)</b>	\$ 178,105	\$ 13,658	\$ 191,763
Adjustments to reconcile operating income (loss) to net cash provided in operating activities:			
Depreciation	128,854	225,361	354,215
(Increase) decrease in assets:			
Taxes receivable - delinquent	23	1,088	1,111
Special assessments receivable	1,283	2,617	3,900
Accrued interest receivable	(1,776)	300	(1,476)
Accounts receivable	9,876	9,001	18,877
Due from other funds	(5,896)	(5,856)	(11,752)
Due from other governmental units	(49,623)	-	(49,623)
Prepaid expenses	276	2,133	2,409
Inventory	353	(4,814)	(4,461)
Increase (decrease) in liabilities:			
Accounts payable	4,004	7,638	11,642
Accrued liabilities	(2,405)	(1,396)	(3,801)
Customer advance deposits	1,400	1,420	2,820
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<b>\$ 264,474</b>	<b>\$ 251,150</b>	<b>\$ 515,624</b>

**NON-CASH TRANSACTION:**

The Township's share of the NWUA contract payable in the Sewer Fund increased by \$18,806 during the year due to an increase in the Township's usage of the NWUA system. The percentage of usage is used to determine each participating units' share of the bond payable. Changes in the Township's share of the contract payable due to usage are adjusted against the cost of acquiring and constructing capital assets.

The accompanying notes are an integral part of these financial statements.

**CARROLLTON TOWNSHIP**  
**Statement of Fiduciary Net Assets**  
**Fiduciary Funds**  
**March 31, 2007**

<b><u>ASSETS</u></b>	<b>Agency Funds</b>
	<hr/>
Cash and cash equivalents	\$ 5,295
	<hr/> <hr/>
<b><u>LIABILITIES</u></b>	
Accounts payable	\$ 5,295
	<hr/> <hr/>

The accompanying notes are an integral part of these financial statements.

# CARROLLTON TOWNSHIP

## NOTES TO FINANCIAL STATEMENTS

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### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### **REPORTING ENTITY**

Carrollton Township (the “Township”) has determined that no entities should be consolidated into its basic financial statements as component units. The criteria for including a component unit includes entities for which the Township is financially accountable. Therefore, the reporting entity consists only of the primary government.

#### **GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS**

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the nonfiduciary activities of the primary government. For the most part, the effect of the interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.



# CARROLLTON TOWNSHIP

## NOTES TO FINANCIAL STATEMENTS

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### **MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION**

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund and fiduciary fund financial statements, except for agency funds, which do not have a measurement focus. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, franchise taxes, licenses, intergovernmental revenues and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the government.

The government reports the following major governmental funds:

The *general fund* is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The *fire fund* accounts for the separate voted millage and the related operation of the fire department.

The *police fund* accounts for the separate voted millage and the related operation of the police and crossing guard departments.

# CARROLLTON TOWNSHIP

## NOTES TO FINANCIAL STATEMENTS

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The *garbage/rubbish fund* accounts for the contractual services the Township has retained for garbage/trash removal.

The government reports the following major proprietary funds:

The *sewer fund* accounts for the activities of the government's sewage disposal and treatment system.

The *water fund* accounts for the activities of the government's water distribution and treatment system.

Additionally, the Township reports *agency funds*, which account for assets held for other governments in an agency capacity, including tax collections and other project funds.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the *option* of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The government has elected not to follow subsequent private-sector guidance.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between the government's water and sewer function and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Amounts reported as *program revenues* include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as *general revenues* rather than as program revenues. Likewise, general revenues include all taxes.

# CARROLLTON TOWNSHIP

## NOTES TO FINANCIAL STATEMENTS

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Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the sewer and water enterprise funds are charges to customers for sales and services. The enterprise funds also recognize as operating revenues the portion of tap fees intended to recover the cost of connecting new customers to the system. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the Township's policy to use restricted resources first, then unrestricted resources as they are needed.

### **BUDGETS AND BUDGETARY ACCOUNTING**

Budgets for the General and Special Revenue Funds are adopted, on a basis consistent with generally accepted accounting principles (GAAP), and are adopted on an activity level for each fund. The Township did amend its budget for the year ended March 31, 2007. Any revisions that alter the total expenditures of any fund must be approved by the Township Board.

### **ASSETS, LIABILITIES AND EQUITY**

#### ***Deposits and investments***

The government's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition.

State statutes authorize the government to deposit in the accounts of federally insured banks, credit unions, and savings and loan associations, and to invest in obligations of the U.S. Treasury, certain commercial paper, repurchase agreements, bankers acceptances, and mutual funds composed of otherwise legal investments.

Investments are reported at fair value.

# CARROLLTON TOWNSHIP

## NOTES TO FINANCIAL STATEMENTS

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### *Receivables and payables*

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either “due to/from other funds” (i.e., the current portion of interfund loans) or “advances to/from other funds” (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as “due to/from other funds.” Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as “internal balances.”

Township property taxes are attached as an enforceable lien on property as of December 1. Taxes are levied December 1 and are due without penalty on or before February 14. These tax bills include the Township’s own property taxes and taxes billed on behalf of the school districts within the Township boundaries and Saginaw County.

Real property taxes not collected as of March 1 are turned over to Saginaw County for collection, which advances the Township 100% for the delinquent taxes. Collection of delinquent personal property taxes remains the responsibility of the Township Treasurer.

### *Inventories and prepaid items*

Inventory maintained by the Enterprise Funds is valued at cost using the first-in, first-out method. Inventory of expendable supplies in other funds has not been recorded and any amount of any such inventory is not considered material. The cost value of such inventory was recorded as an expenditure at the time of purchase.

Certain payments made to vendors are for services applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements.

### *Restricted assets*

In the General Fund and Sewer and Water Enterprise Funds, certain proceeds from installment contracts and bonds, as well as certain resources set aside for their repayment, are classified as restricted assets on the balance sheet and statement of net assets because their use is limited by applicable bond covenants or other agreements. Also, certain resources have been set aside to fund capital asset replacements.

In the Police Fund and Garbage/Rubbish Fund certain funds have been received with donor restrictions as to use.

# CARROLLTON TOWNSHIP

## NOTES TO FINANCIAL STATEMENTS

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### *Capital assets*

Capital assets, which include property, plant, and equipment (the Township owns infrastructure assets such as water and sewer systems), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$1,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities, if any, is included as part of the capitalized value of the assets constructed. No such interest expense was incurred during the current fiscal year.

Capital assets of the primary government are depreciated using the straight line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings	20
System infrastructure	50
Vehicles	5
Equipment	3-10

### *Compensated absences*

At the end of each year all employees are reimbursed for unused personal time. Employees are not allowed to accumulate vacation time from year to year.

# **CARROLLTON TOWNSHIP**

## **NOTES TO FINANCIAL STATEMENTS**

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### ***Long-term obligations***

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

### ***Fund equity***

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

### ***Risk management***

The Township is exposed to various risks of loss related to torts; theft of, damage to, and distribution of assets; errors and omissions; injuries to employees and natural disasters. The Township carries commercial insurance to cover any potential claims associated with these risks and has had no claims that exceeded the insurance coverage during the past three years.

# CARROLLTON TOWNSHIP

## NOTES TO FINANCIAL STATEMENTS

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### 2. EXCESS OF EXPENDITURES OVER APPROPRIATIONS FOR BUDGETARY FUNDS

During the year ended March 31, 2007, the Township incurred expenditures, which were in excess of the amounts appropriated in various activities as follows:

	<u>Amended Budget</u>	<u>Actual</u>	<u>(Unfavorable) Variance</u>
<b>GENERAL FUND</b>			
Other General Government	\$ 181,102	\$ 187,410	\$ (6,308)
<b>SPECIAL REVENUE FUNDS</b>			
Fire Fund-Capital outlay	161,500	601,791	(440,291)

### 3. DEPOSITS AND INVESTMENTS

#### Statutory Authority

State statutes authorize the Township to invest in:

- Bond, securities, other obligations and repurchase agreements of the United States, or an agency or instrumentality of the United States.
- Certificates of deposit, savings accounts, deposit accounts or depository receipts of a qualified financial institution.
- Commercial paper rated at the time of purchase within the two highest classifications established by not less than two standard rating services and that matures not more than 270 days after the date of purchase.
- Bankers acceptances of United States banks.
- Obligations of the State of Michigan and its political subdivisions that, at the time of purchase are rated as investment grade by at least one standard rating service.

# CARROLLTON TOWNSHIP

## NOTES TO FINANCIAL STATEMENTS

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f. Mutual funds registered under the Investment Company Act of 1940 with the authority to purchase only investment vehicles that are legal for direct investment by a public corporation.

g. External investment pools as authorized by Public Act 20 as amended through 12/31/97.

A reconciliation of cash and pooled investments as shown in the basic financial statements to the Township's deposits and investments is as follows:

	<u>Carrying Amount</u>
Government-wide Financial Statement Captions:	
Primary Government:	
Cash and cash equivalents	\$ 691,126
Investments	2,796,771
Restricted cash and cash equivalents	46,989
Restricted investments	1,512,806
 Fiduciary Fund Financial Statement Captions:	
Cash and cash equivalents	<u>5,295</u>
 Total	<u>\$ 5,052,987</u>
 Deposits and Investments:	
Bank deposits (checking accounts, savings accounts and certificates of deposit)	\$ 3,183,978
Investments:	
Commercial paper	359,775
Investment funds	1,507,884
Cash on hand	<u>1,350</u>
 Total	<u>\$ 5,052,987</u>



# CARROLLTON TOWNSHIP

## NOTES TO FINANCIAL STATEMENTS

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As of March 31, 2007, the Township had the following investments, all with a maturity of less than one year.

	<u>Credit Rating Range</u>		
	Fair	Standard	
	Value	& Poors	Fitch
Commercial Paper	\$ 359,775	A-1+	n/a
Investment Funds- Citizen's bank	1,100,797	AAA	n/a
Michigan Class Fund	<u>407,087</u>	n/a	AAA/V1+
	<u>\$ 1,867,659</u>		

### Investment and deposit risk

*Interest Rate Risk.* State law limits the allowable investments and the maturities of some of the allowable investments as identified in Note 1 of the summary of significant accounting policies. The Township's investment policy does not have specific limits in excess of state law on investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. The maturity dates for each investment are less than one year.

*Credit Risk.* State law limits investments to specific government securities, certificates of deposits and bank accounts with qualified financial institutions, commercial paper with specific maximum maturities and ratings when purchased, bankers acceptances of specific financial institutions, qualified mutual funds and qualified external investment pools as identified in Note 1 of the summary of significant accounting policies. The Township's investment policy does not have specific limits in excess of state law on investment credit risk. The ratings for each investment are identified above for investments held at year end.

*Custodial Credit Risk – Deposits.* Custodial credit risk is the risk that in the event of a bank failure, the Township's deposits may not be returned. State law does not require and the Township does not have a policy for deposit custodial credit risk. As of year end \$2,368,547 of the Township's bank balance of \$3,168,547 was exposed to custodial credit risk because it was uninsured and uncollateralized.

# CARROLLTON TOWNSHIP

## NOTES TO FINANCIAL STATEMENTS

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*Custodial Credit Risk – Investments.* For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Township will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. State law does not require and the Township does not have a policy for investment custodial credit risk. However, while uninsured and unregistered, the Township's funds are not exposed to custodial credit risk since the securities are held in the counterparty's trust department in the Township's name.

*Concentration of Credit Risk.* State law limits allowable investments but does not limit concentration of credit risk as identified in Note 1 of the summary of significant accounting policies. The Township's investment policy does not have specific limits in excess of state law on concentration of credit risk. More than 5 percent of the Township's investments are in General Electric Capital Corp commercial paper. All investments held at year end are reported above.

### 4. RECEIVABLES

Receivables as of year end for the government's governmental and business-type activities in the aggregate, are as follows:

	<b>Governmental <u>Activities</u></b>	<b>Business-type <u>Activities</u></b>
Receivables:		
Taxes	\$ 134,191	\$ 44,082
Special assessments:		
Due within one year	2,025	3,860
Due after one year	16,482	20,745
Interest	16,816	7,814
Accounts	34,584	190,113
Intergovernmental	<u>144,865</u>	<u>129,431</u>
Total receivables	<u>\$ 348,963</u>	<u>\$ 396,045</u>

# CARROLLTON TOWNSHIP

## NOTES TO FINANCIAL STATEMENTS

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Governmental funds report *deferred revenue* in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned. At the end of the current fiscal year, the various components of *deferred revenue* reported in the governmental funds were as follows:

	<u>Unavailable</u>
Long-term intergovernmental receivables:	
General fund	\$ 55,638
Special assessments not yet due:	
General fund	<u>18,432</u>
Total deferred revenue for governmental funds	<u>\$ 74,070</u>

# CARROLLTON TOWNSHIP

## NOTES TO FINANCIAL STATEMENTS

### 5. CAPITAL ASSETS

Capital assets activity for the year ended March 31, 2007 was as follows:

	<b><u>Beginning Balance</u></b>	<b><u>Increases</u></b>	<b><u>Decreases</u></b>	<b><u>Ending Balance</u></b>
<b>Governmental activities</b>				
Capital assets not being depreciated – land	\$ 59,035	\$ -	\$ -	\$ 59,035
Capital assets being depreciated:				
Buildings	859,116	3,738	-	862,854
Vehicles	626,476	619,762	-	1,246,238
Equipment	<u>875,435</u>	<u>18,073</u>	<u>(25,648)</u>	<u>867,860</u>
Total capital assets being depreciated	<u>2,361,027</u>	<u>641,573</u>	<u>(25,648)</u>	<u>2,976,952</u>
Less accumulated depreciation				
Buildings	(679,949)	(11,491)	13,741	(677,699)
Vehicles	(494,710)	(32,866)	-	(527,576)
Equipment	<u>(734,413)</u>	<u>(76,848)</u>	<u>11,308</u>	<u>(799,953)</u>
Total accumulated depreciation	<u>(1,909,072)</u>	<u>(121,205)</u>	<u>25,049</u>	<u>(2,005,228)</u>
Total capital assets being depreciated, net	<u>451,955</u>	<u>520,368</u>	<u>(599)</u>	<u>971,724</u>
<b>Governmental activities capital assets, net</b>	<u>\$ 510,990</u>	<u>\$ 520,368</u>	<u>\$ (599)</u>	<u>\$ 1,030,759</u>

# CARROLLTON TOWNSHIP

## NOTES TO FINANCIAL STATEMENTS

	<b><u>Beginning Balance</u></b>	<b><u>Increases</u></b>	<b><u>Decreases</u></b>	<b><u>Ending Balance</u></b>
<b>Business-type activities</b>				
Capital assets not being				
Depreciated				
Land	\$ 1,000	\$ -	\$ -	\$ 1,000
Construction in progress	<u>185,250</u>	<u>570,401</u>	<u>(54,874)</u>	<u>700,777</u>
Total capital assets not being depreciated	<u>186,250</u>	<u>570,401</u>	<u>(54,874)</u>	<u>701,777</u>
Capital assets being depreciated:				
Buildings and systems	14,185,267	30,516	-	14,215,783
Vehicles	118,900	-	-	118,900
Equipment	<u>243,569</u>	<u>9,760</u>	<u>(2,997)</u>	<u>250,332</u>
Total capital assets being depreciated	<u>14,547,736</u>	<u>40,276</u>	<u>(2,997)</u>	<u>14,585,015</u>
Less accumulated depreciation:				
Buildings and systems	(4,820,522)	(320,851)	-	(5,141,373)
Vehicles	(61,931)	(14,572)	-	(76,503)
Equipment	<u>(232,660)</u>	<u>(18,792)</u>	<u>1,798</u>	<u>(249,654)</u>
Total accumulated depreciation	<u>(5,115,113)</u>	<u>(354,215)</u>	<u>1,798</u>	<u>(5,467,530)</u>
Total capital assets being depreciated, net	<u>9,432,623</u>	<u>(313,939)</u>	<u>(1,199)</u>	<u>9,117,485</u>
<b>Business-type activities capital assets, net</b>	<u>\$ 9,618,873</u>	<u>\$ 256,462</u>	<u>\$ (56,073)</u>	<u>\$ 9,819,262</u>

# CARROLLTON TOWNSHIP

## NOTES TO FINANCIAL STATEMENTS

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Depreciation expense was charged to functions/programs of the primary government as follows:

**Governmental activities:**

General government	\$ 50,602
Public safety	50,095
Public works	16,690
Parks and recreation	<u>3,818</u>

**Total depreciation expense – governmental activities** \$ 121,205

**Business-type activities:**

Sewer	\$ 128,854
Water	<u>225,361</u>

**Total depreciation expense – business-type activities** \$ 354,215

### 6. PAYABLES

Accounts payable and accrued expenses as of year end for the government's governmental and business-type activities in the aggregate, are as follows:

	<b><u>Governmental Activities</u></b>	<b><u>Business-type Activities</u></b>
Payables:		
Accounts	\$ 69,364	\$ 73,824
Payroll	11,107	1,976
Other liabilities	53,222	-
Interest	-	58,970
Advance	-	13,425
Intergovernmental	<u>27,370</u>	<u>-</u>
Total payables	<u>\$ 161,063</u>	<u>\$ 148,195</u>

# **CARROLLTON TOWNSHIP**

## **NOTES TO FINANCIAL STATEMENTS**

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### **7. DEFINED BENEFIT PENSION PLAN**

#### **Plan Description**

In the prior year, Carrollton Township transferred all of their participants in the Carrollton Township Retirement Plan to the Municipal Employees Retirement System of Michigan. This changed the Township's retirement plan from a defined contribution plan to a defined benefit plan.

The Township's defined benefit pension plan provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. The Township participates in the Municipal Employees Retirement System of Michigan (MERS), an agent multiple-employer plan administered by the MERS Retirement Board. Act No. 427 of the Public Acts of 1984, as amended, establishes and amends the benefit provisions of the participants in MERS. The Municipal Employees Retirement System of Michigan issues a publicly available financial report that includes financial statements and required supplementary information for MERS. That report may be obtained by writing to the Municipal Employees Retirement System of Michigan, 1134 Municipal Way, Lansing, Michigan 48917 or by calling (800) 767-6377.

#### **Funding Policy**

The Township is required to contribute at an actuarially determined rate; the current rate is 12.92% of annual covered payroll. Employees are currently not required to contribute to the Plan. The contribution requirements of the Township are established and may be amended by the Retirement Board of MERS. The contribution requirements of plan members, if any, are established and may be amended by the Township, depending on the MERS contribution program adopted by the Township.

# CARROLLTON TOWNSHIP

## NOTES TO FINANCIAL STATEMENTS

### Annual Pension Cost

For the year ended March 31, 2007, the Township's annual pension cost of \$98,097 for MERS was equal to the Township's required and actual contributions. The required contribution was determined using the entry age actuarial cost method. The actuarial assumptions included (a) a rate of return on the investment of present and future assets of 8.0%, (b) projected salary increases of 4.5% per year compounded annually, attributable to inflation, and (c) additional projected salary increases of 0.0% to 8.4% per year, depending on age, attributable to seniority/merit. The actuarial value of MERS assets was determined on the basis of a valuation method that assumes the fund earns the expected rate of return, and includes an adjustment to reflect market value. The Township's unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on an open basis. The amortization period at December 31, 2006, the date of the most recent actuarial valuation, was 29 years.

### Trend Information

<u>Fiscal Year Ending</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
3/31/05	\$ 77,026	100%	\$ 0
3/31/06	97,951	100	0
3/31/07	98,097	100	0

### Schedule of Funding Progress

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets (a)</u>	<u>Actuarial Liability (AAL) -Entry Age (b)</u>	<u>Unfunded AAL (UAAL) (b-a)</u>	<u>Funded Ratio (a/b)</u>	<u>Covered Payroll (c)</u>	<u>UAAL as a Percentage of Covered Payroll ((b-a)/c)</u>
11/1/2004	\$0	\$1,400,677	\$1,400,677	0%	\$716,051	196%
12/31/2005	896,362	1,639,716	743,354	55	688,291	108%
12/31/2006	1,168,226	1,914,871	746,645	61	654,952	114%



# **CARROLLTON TOWNSHIP**

## **NOTES TO FINANCIAL STATEMENTS**

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### **8. POST-EMPLOYMENT HEALTH BENEFITS**

In addition to the pension benefits described in Note 7, the Township provides post-retirement health care benefits to the former Office Manager of the Township. Additionally, two employees, the current Office Manager and the Police Chief/Township Director, are eligible for post-retirement health care benefits if the requirements in their contracts are met. The contracts for both the Office Manager and the Police Chief/Township Director state that if the employee retires after attaining age fifty-five, the Township shall pay 50% or \$350 (whichever is lesser) per month of the Employee's medical/health/dental/vision/prescription insurance premiums for ten years or age 75, whichever comes first. During the year ended March 31, 2007, expenditures of \$1,050 were recognized for post-retirement health care.

Upcoming reporting change:

The Governmental Accounting Standards Board has recently released Statement No. 45, Accounting and Reporting by Employers for Post-employment Benefits Other Than Pensions. The new pronouncement provides guidance for local units of government in recognizing the cost of retiree health care, as well as any "other" post-employment benefits (other than pensions). The new rules will cause the government-wide financial statement to recognize the cost of providing retiree health care coverage over the working life of the employee, rather than at the time the health care premiums are paid. The new pronouncement is effective for the year ending March 31, 2010. Management is currently assessing the impact of this new accounting standard on the Township's financial statement for future reporting periods.

# CARROLLTON TOWNSHIP

## NOTES TO FINANCIAL STATEMENTS

### 9. LONG-TERM DEBT

Long-term obligations for the year ended March 31, 2007, were as follows:

	<u>Balance April 1, 2006</u>	<u>Additions</u>	<u>(Reductions)</u>	<u>Balance March 31, 2007</u>	<u>Due Within One Year</u>
<b>GOVERNMENTAL ACTIVITIES</b>					
Special Assessment Bonds (with government obligation for any deficiency)					
Evergreen Lane Storm Sewer Drain Bond, original issue of \$85,231 with annual maturities of \$2,435 to \$4,870 maturing through October 1, 2016, bearing interest of 4.95% to 7.95%.	\$ 53,576	-	\$ (4,870)	48,706	4,870
Carrollton/Zilwaukee Drain Bond, original issue of \$52,376 with annual maturities of \$7,480 to \$7,500 maturing through October 1, 2016, bearing interest of 5.16%.	<u>37,396</u>	<u>-</u>	<u>(7,479)</u>	<u>29,918</u>	<u>7,480</u>
Subtotal	<u>90,972</u>	<u>-</u>	<u>(12,349)</u>	<u>78,623</u>	<u>12,350</u>
<b>BUSINESS-TYPE ACTIVITIES</b>					
Contracts Payable - Saginaw County NWUA Project, original issue of \$1,366,407 with annual maturities of \$57,397 to \$107,387 maturing through May 2, 2016, bearing interest from 4.5% to 5.5%.	734,885	-	(46,045) <sup>1</sup>	688,840	-

# CARROLLTON TOWNSHIP

## NOTES TO FINANCIAL STATEMENTS

	<u>Balance April 1, 2006</u>	<u>Additions</u>	<u>(Reductions)</u>	<u>Balance March 31, 2007</u>	<u>Due Within One Year</u>
Weiss Street CSO Project, original issue of \$69,380 with annual maturities of \$3,849 to \$5,246 maturing through September 1, 2012, bearing interest of 2%	\$ 34,658	\$ -	\$ (4,665)	\$ 29,993	\$ 4,750
Weiss Street In Line Detention, original issue of \$16,536 with maturities of \$688 to \$1,054 maturing through October 1, 2016, bearing interest of 2.25%	9,699	-	(860)	8,839	882
Evergreen Lane Sewer Improvement Drain Contract, original issue of \$61,585 with annual maturities of \$1,760 to \$3,519 maturing through October 1, 2016, bearing interest of 4.95% to 7.95%.	38,709	-	(3,519)	35,190	3,519
Michigan Drinking Water Revolving Fund Program, original issue of \$2,009,800, with annual maturities of \$85,000 to \$135,000 maturing through October 1, 2018, bearing interest of 2.5%	1,455,000	-	(95,000)	1,360,000	100,000
Watermain Improvements Phase II, original issue of \$1,275,000 with annual maturities of \$50,000 to \$100,000 maturing through June 1, 2019, bearing interest from 4.0% to 5.0%.	975,000	-	(50,000)	925,000	50,000
Watermain Improvements Phase III, original issue of \$2,145,000 with annual maturities of \$50,000 to \$170,000 maturing through June 1, 2020, bearing interest of 4.45% to 5.5%.	1,820,000	-	(75,000)	1,745,000	75,000
Balsam Street Water Line Extension - original issue of \$35,250 with annual maturities of \$1,900 to \$3,350 maturing through March 1, 2012, bearing interest of 6.55%.	17,612	-	(2,500)	15,112	2,700

# CARROLLTON TOWNSHIP

## NOTES TO FINANCIAL STATEMENTS

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	<u>Balance April 1, 2006</u>	<u>Additions</u>	<u>(Reductions)</u>	<u>Balance March 31, 2007</u>	<u>Due Within One Year</u>
Rehabilitation Project for Tulane and Piper Sewer Pump Station Tributaries - original issue of \$495,380 with an annual maturity of \$49,538 maturing through May 1, 2011, bearing interest of 4.94%.	\$ 297,228	\$ -	\$ (49,538)	\$ 247,690	\$ 49,539
Subtotal	<u>5,382,791</u>	<u>-</u>	<u>(327,127)</u>	<u>5,055,664</u>	<u>286,390</u>
<b>TOTAL LONG-TERM DEBT</b>	<u>\$5,473,763</u>	<u>\$ -</u>	<u>\$ (339,476)</u>	<u>\$ 5,134,287</u>	<u>\$ 298,740</u>

<sup>1</sup> A portion of the change of the Township's share of the debt of \$18,806 is a result of changes in their share of the NWUA flow as described below.

The Township is a participant in the Northwest Utilities Authority pump station improvement program. This program and the defeasance of eligible bonds from the 1990 NWUA debt were financed by \$3,690,000 in general obligation bonds issued by Saginaw County. The Township has a contract with Saginaw County D.P.W. for the cost of the construction attributable to its 3 year average flow. Debt service share varies annually based upon this flow. For the year ended March 31, 2007, the Township's share of the flow was 29.497%. The contract principal portion owed by Carrollton Township has been recorded as a liability of the Sewer Fund. The assets related to this debt are recorded as assets of the Sewer Fund. Original prorata share of annual installments varies from \$58,958 to \$83,404 through May 1, 2016, with interest ranging from 4.5% to 5.5%.

# CARROLLTON TOWNSHIP

## NOTES TO FINANCIAL STATEMENTS

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The annual requirements to pay future principal and interest on the governmental installment contract and special assessment bonded debt are as follows:

<b><u>Year ending March 31,</u></b>	<b><u>Governmental Activities</u></b>	
	<b><u>Principal</u></b>	<b><u>Interest</u></b>
2008	\$ 12,350	\$ 4,197
2009	12,350	3,548
2010	12,350	2,894
2011	12,350	2,219
2012	4,870	1,572
2013-17	<u>24,353</u>	<u>3,599</u>
	<u>\$ 78,623</u>	<u>\$ 18,029</u>

Revenue bond debt service requirements to maturity are as follows:

<b><u>Year ending March 31,</u></b>	<b><u>Principal</u></b>	<b><u>Interest</u></b>
2008	\$ 286,390	\$ 197,302
2009	378,066	199,426
2010	386,223	183,686
2011	388,027	167,674
2012	421,196	150,809
2013-17	2,045,762	492,494
2018-21	<u>1,150,000</u>	<u>98,069</u>
	<u>\$5,055,664</u>	<u>\$1,489,460</u>

There are a number of limitations and restrictions contained in the bond indenture. The Township is in compliance with all significant limitations and restrictions.

# CARROLLTON TOWNSHIP

## NOTES TO FINANCIAL STATEMENTS

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### 10. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

The composition of interfund balances as of March 31, 2007, is as follows:

<b>Due to/from other funds:</b>	
<u>Due to</u>	<u>Due From General Fund</u>
Sewer Fund	\$ 5,896
Water Fund	<u>5,896</u>
Total	<u>\$ 11,792</u>

The balances are a result of time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

#### **Interfund transfers:**

	<u>Transfer from</u>	
	<u>General Fund</u>	<u>Nonmajor Governmental</u>
Transfer to:		
General fund	\$ -	\$ 9,400
Police fund	<u>28,943</u>	<u>-</u>
Total transfers out	<u>\$ 28,943</u>	<u>\$ 9,400</u>

The interfund transfer from the General Fund to the Police Special Revenue Fund is for the purpose of subsidizing the crossing guard activity.

The interfund transfer from the Nonmajor Governmental Funds to the General Fund is for the purposes of subsidizing building inspections activity.

### 11. CONTINGENCIES AND COMMITMENTS

In the normal course of its activities, the Township is a party to various legal actions. After taking into consideration legal counsel's evaluation of pending actions, the Township is of the opinion that the potential claims not covered by insurance will not have a material effect on the financial statements.

In addition, the Township has received federal and state grants for specific purposes that are subject to review and audit by the grantor agencies. Although such audits could generate expenditure disallowance under terms of the grants, management believes that any required reimbursements would not be material.

# CARROLLTON TOWNSHIP

## NOTES TO FINANCIAL STATEMENTS

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### 12. RESTATEMENTS

Within the Sewer and Water Enterprise Funds, capital assets were overstated in the prior year. The restatements had the same effect on the net assets of the business-type activities on the government-wide financial statements.

#### **Sewer Fund**

Beginning net assets, as previously reported	\$ 2,514,308
Adjustment for capital assets	<u>(47,840)</u>
Beginning net assets, as restated	<u>\$ 2,466,468</u>

#### **Water Fund**

Beginning net assets, as previously reported	\$ 4,565,728
Adjustment for capital assets	<u>(7,034)</u>
Beginning net assets, as restated	<u>\$ 4,558,694</u>

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**COMBINING AND INDIVIDUAL FUND  
FINANCIAL STATEMENTS AND SCHEDULES**



**CARROLLTON TOWNSHIP**  
**Detail Schedule of Revenues - Budget and Actual**  
**General Fund**  
**For the year ended March 31, 2007**

	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Actual Over (Under)</b>
	<b>Original</b>	<b>Final</b>		<b>Final Budget</b>
<b>TAXES</b>				
Current property	\$ 79,989	\$ 79,989	\$ 82,970	\$ 2,981
Special assessments	3,302	3,302	3,323	21
Industrial facility tax	60	60	62	2
Penalties and interest on taxes	2,500	2,500	3,704	1,204
Property tax administration fee	42,536	42,536	43,642	1,106
<b>TOTAL TAXES</b>	<b>128,387</b>	<b>128,387</b>	<b>133,701</b>	<b>5,314</b>
<b>LICENSES AND PERMITS</b>				
Business license	1,500	1,500	1,675	175
Cable TV franchise	54,600	54,600	57,854	3,254
Permits and fees	625	625	2,702	2,077
<b>TOTAL LICENSES AND PERMITS</b>	<b>56,725</b>	<b>56,725</b>	<b>62,231</b>	<b>5,506</b>
<b>STATE GRANTS</b>				
Sales tax	647,762	647,762	648,998	1,236
<b>CHARGES FOR SERVICES</b>				
Dog license fees	30	30	46	16
Weed cutting	5,500	5,500	5,213	(287)
Equipment rental	-	-	57	57
<b>TOTAL CHARGES FOR SERVICES</b>	<b>5,530</b>	<b>5,530</b>	<b>5,316</b>	<b>(214)</b>
<b>INTEREST ON INVESTMENTS</b>	<b>25,000</b>	<b>25,000</b>	<b>52,793</b>	<b>27,793</b>
<b>REIMBURSEMENTS AND REFUNDS</b>				
Summer state tax reimbursement	7,500	7,500	7,595	95
Refunds and rebates	750	750	1,441	691
<b>TOTAL REIMBURSEMENTS AND REFUNDS</b>	<b>8,250</b>	<b>8,250</b>	<b>9,036</b>	<b>786</b>
<b>OTHER REVENUE</b>				
Interest on tax collection	3,500	3,500	8,686	5,186
Sale of assets	4,000	4,000	8,294	4,294
Other	500	500	1,325	825
<b>TOTAL OTHER REVENUE</b>	<b>8,000</b>	<b>8,000</b>	<b>18,305</b>	<b>10,305</b>
<b>OTHER FINANCING SOURCES</b>				
Transfers in:				
Building Inspection	-	9,400	9,400	-
<b>TOTAL REVENUES AND OTHER FINANCING SOURCES</b>	<b>\$ 879,654</b>	<b>\$ 889,054</b>	<b>\$ 939,780</b>	<b>\$ 50,726</b>

**CARROLLTON TOWNSHIP**  
**Detail Schedule of Expenditures - Budget and Actual**  
**General Fund**  
**For the year ended March 31, 2007**

	<b>Budgeted Amounts</b>			<b>Actual Over (Under) Final Budget</b>
	<b>Original</b>	<b>Final</b>	<b>Actual</b>	
<b>GENERAL GOVERNMENT</b>				
<b>Township Board:</b>				
Salaries and wages	\$ 24,228	\$ 24,228	\$ 23,508	\$ (720)
Employee benefits	4,044	4,044	3,474	(570)
Telephone	500	500	202	(298)
Memberships and dues	2,870	2,870	2,607	(263)
Travel	1,000	1,000	115	(885)
Education and training	2,000	2,000	70	(1,930)
	34,642	34,642	29,976	(4,666)
<b>Supervisor/Assessors Office:</b>				
Salaries and wages	53,346	55,126	54,564	(562)
Employee benefits	22,687	23,291	17,427	(5,864)
Supplies	1,200	1,300	957	(343)
Telephone	650	203	202	(1)
Contractual services	18,500	13,761	9,428	(4,333)
Memberships and dues	200	102	90	(12)
Travel	750	840	840	-
Printing and publishing	1,200	-	-	-
Education and training	500	1,545	1,544	(1)
Miscellaneous	50	50	-	(50)
	99,083	96,218	85,052	(11,166)
<b>Elections:</b>				
Salaries and wages	4,650	4,308	4,306	(2)
Employee benefits	957	475	221	(254)
Supplies	400	35	35	-
Software maintenance	800	-	-	-
Hall rental	150	150	150	-
Printing and publishing	600	383	383	-
Travel	60	10	6	(4)
Miscellaneous	380	180	173	(7)
	7,997	5,541	5,274	(267)
<b>Clerk:</b>				
Salaries and wages	73,230	74,073	72,497	(1,576)
Employee benefits	32,859	31,593	30,730	(863)
Supplies	1,100	1,225	1,196	(29)
Telephone	500	167	165	(2)
Contractual services	2,500	640	640	-
Membership and dues	375	220	216	(4)
Travel	2,100	1,350	1,277	(73)
Education and Training	2,000	1,889	1,888	(1)
Miscellaneous	50	200	145	(55)
	114,714	111,357	108,754	(2,603)
<b>Board of Review:</b>				
Salaries and wages	550	550	450	(100)
Employee benefits	49	52	44	(8)
Travel	25	-	-	-
Printing and publishing	200	350	340	(10)
Education and training	100	74	-	(74)
Miscellaneous	100	-	-	-
	1,024	1,026	834	(192)

(Continued)

**CARROLLTON TOWNSHIP**  
**Detail Schedule of Expenditures - Budget and Actual (Continued)**  
**General Fund**  
**For the year ended March 31, 2007**

	Budgeted Amounts			Actual
	Original	Final	Actual	Over (Under) Final Budget
GENERAL GOVERNMENT (CONTINUED)				
Treasurer:				
Salaries and wages	\$ 63,580	\$ 66,046	\$ 64,432	\$ (1,614)
Employee benefits	29,590	31,269	30,157	(1,112)
Supplies	11,000	10,290	9,203	(1,087)
Telephone	500	226	225	(1)
Memberships and dues	140	190	190	-
Travel	1,500	1,000	984	(16)
Printing and publishing	100	-	-	-
Education and training	500	1,833	1,833	-
Delinquent tax charge-backs	3,500	3,677	3,677	-
Miscellaneous	1,525	9,019	3,104	(5,915)
	111,935	123,550	113,805	(9,745)
Building and Grounds:				
Salaries and wages	21,811	22,336	21,930	(406)
Employee benefits	8,959	9,889	9,506	(383)
Supplies	9,000	10,600	10,597	(3)
Telephone	6,000	4,910	4,906	(4)
Contractual services	-	1,883	1,883	-
Water and sewer	650	507	507	-
Gas and electric	17,115	18,615	17,380	(1,235)
Repairs and maintenance	80,500	70,161	18,972	(51,189)
Miscellaneous	25	35	34	(1)
	144,060	138,936	85,715	(53,221)
Other General Government Expenditures:				
Township director salaries and wages	-	10,385	10,385	-
Postage	12,900	11,908	11,677	(231)
Supplies	10,400	11,596	11,228	(368)
Computer maintenance	25,100	12,361	24,130	11,769
Audit	4,800	4,865	4,587	(278)
Legal	10,000	9,500	9,082	(418)
Contracted services	2,000	12,996	12,996	-
Memberships and dues	250	250	225	(25)
Travel	1,000	440	435	(5)
Printing and publishing	4,300	3,785	3,781	(4)
General insurance	36,515	34,599	34,498	(101)
Repair and maintenance	3,500	5,200	5,215	15
Education and training	800	660	608	(52)
Miscellaneous	50,200	62,557	58,563	(3,994)
	161,765	181,102	187,410	6,308

(Continued)

**CARROLLTON TOWNSHIP**  
**Detail Schedule of Expenditures - Budget and Actual (Continued)**  
**General Fund**  
**For the year ended March 31, 2007**

	Budgeted Amounts			Actual
	Original	Final	Actual	Over (Under) Final Budget
GENERAL GOVERNMENT (CONTINUED)				
Planning Commission:				
Salaries and wages	\$ 9,912	\$ 11,927	\$ 5,558	\$ (6,369)
Employee benefits	3,947	5,503	2,520	(2,983)
Supplies	850	450	245	(205)
Contractual services	6,838	6,838	-	(6,838)
Legal	1,000	1,050	1,026	(24)
Membership and dues	500	100	70	(30)
Travel	100	100	-	(100)
Printing and publishing	1,000	1,800	1,516	(284)
Education and training	1,000	1,200	955	(245)
Miscellaneous	50	375	325	(50)
	25,197	29,343	12,215	(17,128)
Board of Appeals:				
Salaries	220	310	310	-
Employee benefits	21	45	35	(10)
Legal	300	-	-	-
Memberships and dues	250	-	-	-
Travel	250	-	-	-
Printing and publishing	200	432	432	-
Education and training	500	135	135	-
Miscellaneous	50	93	93	-
	1,791	1,015	1,005	(10)
TOTAL GENERAL GOVERNMENT	702,208	722,730	630,040	(92,690)
DEPARTMENT OF PUBLIC WORKS				
Salaries and wages	67,486	54,274	53,736	(538)
Employee benefits	34,388	34,711	31,233	(3,478)
Supplies	7,250	7,235	5,762	(1,473)
Telephone	1,500	1,500	884	(616)
Uniforms	1,200	1,200	778	(422)
Gas/oil	3,000	3,000	2,563	(437)
Repairs and maintenance	10,500	10,631	5,066	(5,565)
Travel	500	500	40	(460)
Education and training	500	500	77	(423)
Miscellaneous	150,100	150,100	39,481	(110,619)
TOTAL DEPARTMENT OF PUBLIC WORKS	276,424	263,651	139,620	(124,031)
HIGHWAYS AND STREETS				
Roads	85,000	85,000	52,577	(32,423)
Drains-at-large	15,846	16,090	12,279	(3,811)
Street lighting	74,160	74,185	39,977	(34,208)
TOTAL HIGHWAYS AND STREETS	175,006	175,275	104,833	(70,442)

(Continued)

**CARROLLTON TOWNSHIP**  
**Detail Schedule of Expenditures - Budget and Actual (Concluded)**  
**General Fund**  
**For the year ended March 31, 2007**

	<b>Budgeted Amounts</b>		<b>Actual</b>		<b>Actual Over (Under) Final Budget</b>
	<b>Original</b>	<b>Final</b>			
<b>PARKS</b>					
Salaries and wages	\$ 2,782	\$ 3,342	\$ 3,340	\$	(2)
Employee benefits	1,794	1,638	1,633		(5)
Supplies	750	-	-		-
Repairs and maintenance	1,500	41,419	2,874		(38,545)
<b>TOTAL PARKS</b>	<b>6,826</b>	<b>46,399</b>	<b>7,847</b>		<b>(38,552)</b>
<b>CAPITAL OUTLAY</b>	<b>82,900</b>	<b>37,197</b>	<b>16,096</b>		<b>(21,101)</b>
<b>DEBT SERVICE</b>					
Principal	9,915	12,351	12,349		(2)
Interest and charges	5,178	5,178	4,987		(191)
<b>TOTAL DEBT SERVICE</b>	<b>15,093</b>	<b>17,529</b>	<b>17,336</b>		<b>(193)</b>
<b>OTHER FINANCING USES</b>					
Transfers (out):					
Police Fund	40,252	40,252	28,943		(11,309)
Building Inspection Department Fund	1,500	7,919	-		(7,919)
<b>TOTAL OTHER FINANCING USES</b>	<b>41,752</b>	<b>48,171</b>	<b>28,943</b>		<b>(19,228)</b>
<b>TOTAL EXPENDITURES AND OTHER FINANCING USES</b>	<b>\$ 1,300,209</b>	<b>\$ 1,310,952</b>	<b>\$ 944,715</b>	<b>\$</b>	<b>(366,237)</b>

**CARROLLTON TOWNSHIP**  
**Combining Balance Sheet**  
**Nonmajor Governmental Funds**  
**March 31, 2007**

	<u>Special Revenue Funds</u>			<b>Total Nonmajor Governmental Funds</b>
<u>ASSETS</u>	<b>Building Inspection</b>	<b>Special Investigative</b>	<b>Recreation</b>	
Cash and cash equivalents	\$ 3,580	\$ 3,719	\$ 2,269	\$ 9,568
Investments	-	45,229	1,455	46,684
Accounts receivable	-	-	343	343
Interest receivable	216	31	8	255
Prepaid expenditures	198	-	180	378
<b><u>TOTAL ASSETS</u></b>	<b>\$ 3,994</b>	<b>\$ 48,979</b>	<b>\$ 4,255</b>	<b>\$ 57,228</b>
 <b><u>LIABILITIES AND FUND BALANCES</u></b>				
<b>LIABILITIES</b>				
Accounts payable	\$ 208	\$ -	\$ 1,549	\$ 1,757
Accrued payroll	117	-	1,153	1,270
<b>TOTAL LIABILITIES</b>	<b>325</b>	<b>-</b>	<b>2,702</b>	<b>3,027</b>
<b>FUND BALANCES</b>				
Reserved for prepaid items	198	-	180	378
Unreserved:				
Designated for subsequent years' expenditures	3,471	45,732	1,373	50,576
Undesignated	-	3,247	-	3,247
<b>TOTAL FUND BALANCES</b>	<b>3,669</b>	<b>48,979</b>	<b>1,553</b>	<b>54,201</b>
<b><u>TOTAL LIABILITIES AND FUND BALANCES</u></b>	<b>\$ 3,994</b>	<b>\$ 48,979</b>	<b>\$ 4,255</b>	<b>\$ 57,228</b>

**CARROLLTON TOWNSHIP**  
**Combining Statement of Revenues, Expenditures and**  
**Changes in Fund Balance**  
**Nonmajor Governmental Funds**  
**For the year ended March 31, 2007**

	<u>Special Revenue Funds</u>			<b>Total Nonmajor Governmental Funds</b>
	<b>Building Inspection</b>	<b>Special Investigative</b>	<b>Recreation</b>	
<b>REVENUES</b>				
Licenses and permits	\$ 12,101	\$ -	\$ -	\$ 12,101
Charges for services	-	-	14,186	14,186
Fines and forfeits	-	6,228	-	6,228
Interest on investments	1,241	2,421	215	3,877
Other	-	-	216	216
<b>TOTAL REVENUES</b>	<b>13,342</b>	<b>8,649</b>	<b>14,617</b>	<b>36,608</b>
<b>EXPENDITURES</b>				
Public safety	23,163	3,399	-	26,562
Recreation	-	-	17,176	17,176
<b>TOTAL EXPENDITURES</b>	<b>23,163</b>	<b>3,399</b>	<b>17,176</b>	<b>43,738</b>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<b>(9,821)</b>	<b>5,250</b>	<b>(2,559)</b>	<b>(7,130)</b>
<b>OTHER FINANCING SOURCES</b>				
Transfers out	(9,400)	-	-	(9,400)
<b>NET CHANGE IN FUND BALANCES</b>	<b>(19,221)</b>	<b>5,250</b>	<b>(2,559)</b>	<b>(16,530)</b>
<b>FUND BALANCES, BEGINNING OF YEAR</b>	<b>22,890</b>	<b>43,729</b>	<b>4,112</b>	<b>70,731</b>
<b>FUND BALANCES, END OF YEAR</b>	<b>\$ 3,669</b>	<b>\$ 48,979</b>	<b>\$ 1,553</b>	<b>\$ 54,201</b>

**CARROLLTON TOWNSHIP**  
**Schedule of Revenues, Expenditures and Changes**  
**in Fund Balances - Budget and Actual**  
**Building Inspection Fund**  
**For the year ended March 31, 2007**

	<b>Budgeted Amounts</b>			<b>Actual Over (Under) Final Budget</b>
	<b>Original</b>	<b>Final</b>	<b>Actual</b>	
<b>REVENUES</b>				
Permits	\$ 16,100	\$ 16,100	\$ 12,101	\$ (3,999)
Interest on investments	50	2,477	1,241	(1,236)
<b>TOTAL REVENUES</b>	<b>16,150</b>	<b>18,577</b>	<b>13,342</b>	<b>(5,235)</b>
<b>EXPENDITURES</b>				
Public Safety:				
Salaries and wages	11,221	17,304	16,089	(1,215)
Employee benefits	2,549	4,334	3,951	(383)
Legal	500	-	-	-
Supplies	400	400	314	(86)
Contractual services	10,500	2,478	2,478	-
Printing and publishing	100	100	10	(90)
Education and training	200	-	-	-
Other	50	350	321	(29)
<b>TOTAL EXPENDITURES</b>	<b>25,520</b>	<b>24,966</b>	<b>23,163</b>	<b>(1,803)</b>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<b>(9,370)</b>	<b>(6,389)</b>	<b>(9,821)</b>	<b>(3,432)</b>
<b>OTHER FINANCING SOURCES</b>				
Transfers out:				
General Fund	-	9,400	(9,400)	(18,800)
Transfers in:				
General Fund	1,500	7,919	-	(7,919)
<b>NET CHANGE IN FUND BALANCE</b>	<b>(7,870)</b>	<b>10,930</b>	<b>(19,221)</b>	<b>(30,151)</b>
<b>FUND BALANCE, BEGINNING OF YEAR</b>	<b>22,890</b>	<b>22,890</b>	<b>22,890</b>	<b>-</b>
<b>FUND BALANCE, END OF YEAR</b>	<b>\$ 15,020</b>	<b>\$ 33,820</b>	<b>\$ 3,669</b>	<b>\$ (30,151)</b>



**CARROLLTON TOWNSHIP**  
**Schedule of Revenues, Expenditures and Changes**  
**in Fund Balances - Budget and Actual**  
**Special Investigative Fund**  
**For the year ended March 31, 2007**

	<b>Budgeted Amounts</b>			<b>Actual Over (Under) Final Budget</b>
	<b>Original</b>	<b>Final</b>	<b>Actual</b>	
<b>REVENUES</b>				
Fines and forfeits	\$ 1,500	\$ 1,500	\$ 6,228	\$ 4,728
Interest on investments	1,100	1,100	2,421	1,321
<b>TOTAL REVENUES</b>	<b>2,600</b>	<b>2,600</b>	<b>8,649</b>	<b>6,049</b>
<b>EXPENDITURES</b>				
Public Safety:				
Supplies	500	500	-	(500)
Legal	1,500	1,500	96	(1,404)
Other	4,353	4,353	3,303	(1,050)
<b>TOTAL EXPENDITURES</b>	<b>6,353</b>	<b>6,353</b>	<b>3,399</b>	<b>(2,954)</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>(3,753)</b>	<b>(3,753)</b>	<b>5,250</b>	<b>9,003</b>
<b>FUND BALANCE, BEGINNING OF YEAR</b>	<b>43,729</b>	<b>43,729</b>	<b>43,729</b>	<b>-</b>
<b>FUND BALANCE, END OF YEAR</b>	<b>\$ 39,976</b>	<b>\$ 39,976</b>	<b>\$ 48,979</b>	<b>\$ 9,003</b>

**CARROLLTON TOWNSHIP**  
**Schedule of Revenues, Expenditures and Changes**  
**in Fund Balances - Budget and Actual**  
**Recreation Fund**  
**For the year ended March 31, 2007**

	<b>Budgeted Amounts</b>			<b>Actual Over (Under) Final Budget</b>
	<b>Original</b>	<b>Final</b>	<b>Actual</b>	
<b>REVENUES</b>				
Charges for services	\$ 20,750	\$ 20,750	\$ 14,186	\$ (6,564)
Interest on investments	50	50	215	165
Other	-	-	216	216
<b>TOTAL REVENUES</b>	<b>20,800</b>	<b>20,800</b>	<b>14,617</b>	<b>(6,183)</b>
<b>EXPENDITURES</b>				
Recreation:				
Salary and wages	3,765	3,994	3,486	(508)
Employee benefits	666	703	452	(251)
Supplies	14,100	15,142	12,298	(2,844)
Community projects	200	173	-	(173)
Uncollectible invoices	-	1	1	-
Other	838	1,180	939	(241)
Capital outlay	2,000	1,390	-	(1,390)
<b>TOTAL EXPENDITURES</b>	<b>21,569</b>	<b>22,583</b>	<b>17,176</b>	<b>(5,407)</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>(769)</b>	<b>(1,783)</b>	<b>(2,559)</b>	<b>(776)</b>
<b>FUND BALANCE, BEGINNING OF YEAR</b>	<b>4,112</b>	<b>4,112</b>	<b>4,112</b>	<b>-</b>
<b>FUND BALANCE (DEFICIT), END OF YEAR</b>	<b>\$ 3,343</b>	<b>\$ 2,329</b>	<b>\$ 1,553</b>	<b>\$ (776)</b>

**ASSETS**

## LIABILITIES

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# REHMANN ROBSON

*Certified Public Accountants*

A member of THE REHMANN GROUP

An Independent Member of Baker Tilly International

September 10, 2007

Carrollton Township  
1645 Mapleridge  
Saginaw, MI 48604

In planning and performing our audit of the financial statements of ***Carrollton Township, Michigan***, as of and for the year ended March 31, 2007, in accordance with auditing standards generally accepted in the United States of America, we considered *Carrollton Township, Michigan's* internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we do not express an opinion on the effectiveness of the entity's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control that we consider to be material weaknesses.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by *Carrollton Township, Michigan's* internal control. We believe that the following deficiency constitutes a material weakness:

## **Recording, Processing and Summarizing Accounting Data**

<b>Criteria:</b>	All governments are required to have in place internal controls over recording, processing, and summarizing accounting data (e.g., maintaining internal books and records).
<b>Condition:</b>	As is the case with many smaller and medium-sized entities, the government has historically relied on its independent external auditors to assist in the recording, processing and summarizing of certain accounting data as part of its external financial reporting process. Accordingly, the government has placed reliance on its <i>external</i> auditors, who cannot by definition be considered a part of the government's <i>internal</i> controls.
<b>Cause:</b>	This condition was caused by the government's decision that it is more cost effective to have the external auditors recommend the necessary adjusting journal entries to its general ledger than to incur the time and expense of obtaining the necessary training and expertise required for the government to perform this task internally.
<b>Effect:</b>	As a result of this condition, the government lacks internal controls over the recording, processing, and summarizing of accounting data, and instead relies, in part, on its external auditors for assistance with this task.
<b>View of Responsible Officials:</b>	The government has evaluated the cost vs. benefit of establishing internal controls over the recording, processing, and summarizing of accounting data, and determined that it is in the best interests of the government to rely on its external auditors to recommend the necessary adjustments.

*Carrollton Township, Michigan's* written response to the significant deficiency identified in our audit has not been subjected to the audit procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

In addition, we noted other matters involving the internal control and its operation as follows:

Carrollton Township adopted a credit card policy effective in October of 2006. During our audit procedures, we observed instances of purchases on the Township's credit card in violation of this policy. In particular, certain purchases had no vendor receipts or signed vouchers as support. Additionally, we observed a meal purchased with a tip greater than fifteen percent. Also, some meal purchases did not contain detailed receipts, so items purchased could not be determined.

We recommend that procedures are put in place to enforce the Township's credit card policy and that detailed receipts are obtained for all purchases in order to determine they are in compliance with the expenditures authorized by the State of Michigan.

This communication is intended solely for the information and use of the Audit Committee, the governing Board, management, and others within the organization, and is not intended to be and should not be used by anyone other than these specified parties.

